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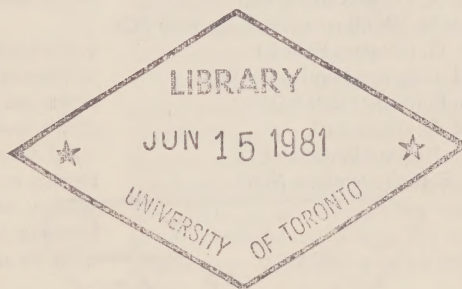
LEGISLATIVE ASSEMBLY

No. R-1

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Energy



First Session, Thirty-Second Parliament
Thursday, May 21, 1981

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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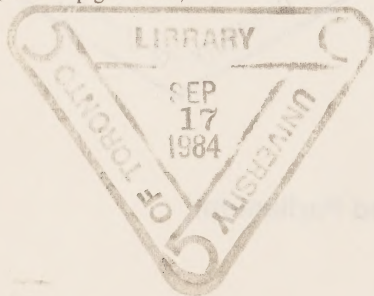
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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, May 21, 1981

The committee met at 8:10 p.m. in room No. 228.

ESTIMATES, MINISTRY OF ENERGY

Mr. Chairman: I call the committee to order. Tonight, we will hear from the Minister of Energy and the critics and deal with vote 1; on Tuesday, May 26, we will deal with votes 2, 4 and 3; and on Wednesday, May 27, vote 5, the Ontario Energy Board and Ontario Hydro. I trust that this timetable will meet with everyone's approval.

Is the minister prepared to proceed with his opening statement?

Hon. Mr. Welch: Yes. Thank you, Mr. Chairman and colleagues.

A little more than a year ago I had the pleasure of appearing before this committee with respect to the estimates of the Ministry of Energy, and I welcome this opportunity to be with you again, which is a bit of a record in this portfolio. A great deal has happened during the past year and, given our plans, I am confident we are going to see significant progress in the months ahead.

I have spoken of the substantial activity of the last 12 months and in this regard I am pleased to make available for the reference of the members of the committee an Energy Note which lists the ministry highlights for the past fiscal year. The programs which have been started and which will continue through the coming year are designed to build upon that progress and to assist us to achieve the targets we have set.

With all of this activity and the multitude of energy programs, needs and opportunities which present themselves, it is useful to recall the conceptual framework which provides the basis for our activities in the ministry. Of course, it goes without saying that our strategy and policies take into account the fact that the energy destiny of Ontario is not totally within our control, neither is it likely to be. In 1980, Ontario purchased 75 per cent of its energy from other jurisdictions and Ontario's total energy bill amounted to some \$11 billion.

In essence, the two policy documents which set out our policy framework are, first, Ontario's

Energy Future, published in April 1977 and, second, the document entitled Energy Security for the Eighties: A Policy for Ontario, published in October 1979 and expanded as a 10-point Oil Substitution and Conservation Strategy in October 1980.

Briefly, our Ontario's Energy Future document recognized that nonrenewable energy resources such as crude oil, natural gas and coal can be seen as nothing more than interim sources of energy. They are really no more than a bridge between the major energy sources on which we depended in the past, such as wood and water, and the forms of the future, such as hydrogen. With this in mind, we have found it useful as a ministry to plan our activities around a three-phase time frame: the near term, the long term and the transitional phase in between.

It is not possible at this particular point to assign a specific duration to each phase, and any estimates are obviously somewhat uncertain. But the concept provides, at least in the minds of those of us charged with this responsibility, a very useful way of thinking about the future and of putting individual policies, programs and ideas into perspective.

The near term is obviously defined as the period during which we will continue to depend overwhelmingly on nonrenewable sources of energy, with all of the attendant problems which that implies. The sobering reality is that the near term—that is the time during which we are going to have to continue to rely on nonrenewable energy—is seen to be a very short period of time.

The long term is the period in which we will have essentially moved away from nonrenewable energy forms, and will rely increasingly upon renewable and recoverable types, such as nuclear and hydraulic electricity, solar power and energy from waste and hydrogen. The transitional phase overlaps both the near and the long term and is the period during which we will initiate those programs which will develop the energy sources which, of course, we will need in the long term.

Activity in the transitional phase has begun, with even more intensity than was envisaged in

1977, and we can expect to see this activity increase greatly through the 1980s.

The formulation of public policy concerning energy supply during the transitional phase, of course, will be difficult, in the sense that the goals of the short term and those of the transitional phase are essentially the same; namely, to provide the consumers of Ontario with adequate and secure supplies of energy.

Yet during this overlapping period we will have to make some judgements as to where we should or should not invest our energy dollars, and indeed, how much we should invest. The range of opportunities, as members of this committee will appreciate, is enormous, as is the spectrum of opinion as to what is or is not the appropriate route to go.

The world is obviously in a state of change, and energy and its supply, its price and its form are all active ingredients in that change. Of the various forms of energy, oil has to be the key nonrenewable energy which today dominates the world energy scene.

Our country, Canada, has significant petroleum resources, yet the fact that these are not being developed as quickly as they might means that this country remains dependent on imports for some 20 per cent of its needs.

Even with ample and as yet undeveloped oil resources, the question still stands: Is Canada better off by concentrating now on developing its oil resources and delaying the development of alternative energy, such as hydrogen or liquid fuels produced from coal and wood and peat or agricultural biomass, or should it move aggressively on most, if not all, fronts at the same time?

Many of the experts argue that oil will continue to play a significant but more limited role in the energy balance of Canada for a good many years to come, so it becomes a question of budgets and priorities, and where the investment dollars will come from.

These questions and others are being asked continually and, not surprisingly, there does not appear to be a consensus. There is and will continue to be a great deal of vigorous debate, if not controversy, as we move through this transitional period.

I would suggest that if we, as legislators—and the public, along with us, if possible—have a good grasp of the alternatives and the risks and benefits, such debate, such discussion, such controversy can stimulate a very healthy atmosphere within which public and private decision-making can proceed, with the knowledge that the ensuing change is based on broad understanding of the issues.

It is against this background that our energy policy, our strategic plans and our targets are being established and implemented.

I am sure everyone would agree that no energy policy can be put into place overnight. Indeed, no policy or set of policies, once established, is likely to remain constant. The energy field is much too dynamic for that.

None the less, I believe that the policies and the programs we now have in place in Ontario are broadly based and will provide us with the flexibility we need to move forward on a number of fronts, depending on the circumstances.

8:20 p.m.

On the supply side, Ontario has set a number of new energy security targets in 1980 to support its goal of crude oil self-sufficiency for Canada by 1990; that is, crude oil self-sufficiency within a decade, by the end of this decade. These new targets are as follows: By 1995, Ontario is to supply at least 37 1/2 per cent of its primary energy needs from sources within Ontario, compared to about 25 per cent supplied in 1980; and by 1995, Ontario is to supply at least five per cent of its energy from renewable and recoverable resources. This, I hasten to point out, is in addition to the 13 per cent of Ontario's primary energy currently being supplied by water power.

To this point, as you can see, I have dealt primarily with how Ontario can maintain its supply of energy and the alternatives to traditional sources. There is, of course, another side to the equation—namely, the level of demand which we as consumers continue to bring to bear on the system. Leaving supply and turning to demand, we have some other very interesting challenges, and, indeed, objectives.

Of all the measures—I am certainly convinced of this—that we can take in the near term and the transitional period, conservation has to be by far the most significant way to assist us to move to an economy based primarily on renewable and inexhaustible resources.

On the demand side, Ontario has set some equally stringent goals, such as: the reduction of our demand for crude oil by 23 million barrels a year by 1995, compared to 1980 levels; the reduction between 1980 and 1995 of the annual growth rate in secondary energy consumption to one per cent, from the approximately 2.3 per cent average between 1973 and 1978. As well, we have set fairly stiff conservation targets for the residential, commercial, industrial and transportation sectors. Our conservation goals are designed to stimulate reasonable and attainable reductions in demand.

Preliminary figures for 1980 show that progress is being made towards Ontario's target of reducing its dependence on crude oil. During this period, sales of home heating oil are down by about four per cent, sales of motor gasoline barely changed and sales of diesel fuel dropped slightly—I am advised about one per cent. Ontario's consumption of oil products is reported to be about six per cent lower in 1980 than it was in 1979.

This reduced demand is some indication that the conservation and substitution programs are working. In 1980, the Ministry of Energy undertook a major initiative in the continuing development of Ontario's commitment to produce more of its own energy, and to consume less, particularly less oil. I am speaking particularly of the \$165 million, 10-point program which we announced last October in support of our goal of helping Canada achieve crude oil self-sufficiency by 1990.

The major components of that announcement, if I can remind you, included a \$75 million, five-year program to stimulate development and the marketing of alternative transportation fuels in Ontario. Our overall objective is to displace a full 10 per cent of our transportation energy needs by 1995. That has to be the equivalent of almost 1.6 billion litres of gasoline.

As most of you know, transportation accounts for almost 50 per cent of all the oil used in Ontario, largely in the form of gasoline. The substitution of alternative fuels such as propane, ethanol, methanol, compressed natural gas, electricity and hydrogen for gasoline has to be seen as a fairly key element in an overall program to reduce the consumption of oil.

Included in that package—that 10-point program announced last October—was a \$50 million, five-year program to accelerate solar energy programs across the province. In this regard, our target is to provide two per cent of Ontario's primary energy needs from solar energy by 1995. That is the equivalent of 15 million barrels of oil which, I am told, is enough to heat 700,000 homes per year.

Also included in the program to which I made reference earlier is a \$39 million allotment for individual programs for conservation and conversion from oil in Ontario government and other public buildings; assistance to industry to do the same; municipal energy auditing; revisions to the Ontario Building Code; and an expanded role for the Ontario Energy Corporation, to list a few.

As our colleagues will understand, Ontario

produces only a small amount of crude oil and natural gas, so obviously we can contribute very little to the expansion of the supply of these particular energy sources. The opposite is true of electricity.

The Ontario government's economic strategy, Building Ontario in the 1980s, more commonly and popularly known as the BILD program, devotes very significant attention to electricity. Initiatives in the field of electricity include an accelerated 20-year program of electricity generation, including the early completion of the Darlington nuclear generating station; upgrading transmission and distribution facilities; and developing small-scale hydraulic generating systems for remote communities.

Also included are the electrification of GO rail, which will proceed to the design stage; increased subsidies by the province to encourage the use of electric vehicles in urban mass transit; and the establishment of the Bruce energy centre. I would point out at this stage that we are committed to provide facilities for the sale of steam and hot water from the Bruce nuclear power development for industrial and agricultural purposes.

Also in this list we would include the establishment of an institute of hydrogen systems, and the Ontario hydrogen energy task force, which was formed last year, is expected to publish its report very shortly. So these and other initiatives will place Ontario in the forefront of the hydrogen era.

Of perhaps some significance under the BILD program is the establishment of a residential energy advisory program through which Ontario Hydro will offer home owners up to \$2,000 by way of a loan to aid them to conserve energy, upgrade wiring and convert heating systems from oil to electricity. We expect some 21,500 home owners to take advantage of this program each year, with annual savings in fuel oil totaling 160 million gallons by the tenth year of that program.

As well, the final report of the agricultural energy policy committee is expected within the next few weeks. It will form the basic policy design for the agricultural energy management program which has been established in co-operation with the Ministry of Agriculture and Food.

I might add that this close and formal working relationship between the Ministry of Energy and the Ministry of Agriculture and Food is just one of six similar organizational structures which have been established with key ministries

across the government. Altogether, and I think this is of some significance when you think in terms of the other responsibilities they have, at the present time some 15 ministries now have their energy programs under way.

Such wide-ranging energy activity across the government is really a reflection of just how diffuse energy is. These programs are co-ordinated by the Ministry of Energy as part of our overall responsibility for energy policy. And we are all operating under the banner of Energy Ontario which, as you know, became the symbol for energy conservation, substitution and alternative energy supply, particularly in our communications efforts to increase public awareness and involvement.

8:30 p.m.

In these brief remarks I have obviously not touched on all the activities of the ministry, or on the evolving energy scene, but before we move into the discussion of the ministry's estimates, I wanted the opportunity to outline to members of the committee a number of matters of some interest and concern, and to include in my remarks at least some information about major government initiatives which I feel are of particular significance.

We should take this opportunity to remind ourselves, particularly in this setting, that government initiatives alone are not really going to achieve the energy goals we have set for the province. There has to be a similar commitment and involvement on the part of the private sector, which is, I am pleased to say, becoming more involved day by day.

There is plenty of evidence that more and more people are coming to understand, and to act on that understanding, with respect to the role which energy plays in our society. I feel we have a very energy conscious constituency in our province. As I stated earlier, I believe that such understanding is the basis for good decision making by government and, obviously, by each individual.

It is with this in mind that I welcome the opportunity to enter into discussion with my colleagues, the members of this committee, and to table for the consideration of the committee the estimates of the Ministry of Energy for 1981-82.

Mr. J. A. Reed: Mr. Chairman, on a point of order: I do not know whether this is part of the

new majority government regimen or not, but historically this committee was supplied with the opening statement of the minister.

Hon. Mr. Welch: There are copies available. You needed only to ask.

Mr. J. A. Reed: I did.

Hon. Mr. Welch: Ask and ye shall receive.

Mr. J. A. Reed: Does that portend the next seven hours, ask and it shall be given unto you?

Mr. Havrot: Don't feel offended; we didn't get one either.

Mr. Chairman: Thank you, Mr. Minister. I know that all members of this committee receive your estimates enthusiastically. However, possibly over the next seven hours there will be a few questions.

Mr. Reed, the Energy critic for the Liberal Party, will now respond to the minister's opening statement.

Mr. J. A. Reed: Thank you very much, Mr. Chairman. I must advise the minister that, while he claims to have set some sort of record for his tenure in office as the Minister of Energy, I have been witness to four Energy ministers during my brief time in the Legislature.

Hon. Mr. Welch: I certainly hope you are not troubled with the fourth.

Mr. J. A. Reed: I hope that we are getting to some sort of mutual understanding on this.

I have the honour of attending my fifth set of estimates on Energy, and I can recall the first set very clearly. Changes have taken place, especially in the verbiage, if you like, if not always the action of the ministry.

I can recall that in the 1976 Energy estimates—and that predates you, Mr. Minister—it was pointed out to this committee that the future for Ontario lay with two elements: conservation and renewable energy. It is interesting that now, five years later, the Ministry of Energy agrees with the Liberal policy, the Liberal point of view, as it was then expressed, with the caution that was given to the minister of the day that, even with the adoption of that policy at that time, it was still a decade behind, it was still late for Ontario.

We now have proceeded another five years into the most fundamental economic change in our lifetime, a change that will become more and more prominent and take on a higher profile in this next five or 10 years.

I have to express a deepening concern that we are now beginning to do in this ministry what we might have been addressing ourselves to the day

after the Yom Kippur war. The American government did exactly that and was faced with far more horrendous energy supply problems than Canada has had to face, and it has dealt with them, I think, rather admirably. But they got a good early start and were not afraid of venturing a little bit.

I am not saying that in every case Canada or Ontario should copy the American example, but I am pointing out that a decisive response is what is needed for the energy future, particularly of this province, inasmuch as our challenge and our future lie with our ability to create and to adapt and to move into uncharted waters, if you like.

Yesterday I had the privilege of attending a showing of automobiles at the Ford Motor Company of Canada in Oakville. One car was running on methanol, another on ethanol, another on propane, another on compressed natural gas, another on liquefied natural gas—only as an example that there is no technological barrier to the introduction of any of these technologies to replace that fast depleting resource that our civilization has depended on for so long.

I happen to hold the point of view, and have held it in the past, that the attack on energy must take place on a broad front. There is a school of thought that feels we can be more effective if we confine ourselves to a few technologies, such as electricity, I think, and propane—that seems to be the expression of the provincial government at the present time—but there are others who feel that is far too premature.

The Ford Motor Company tells us that, in their opinion, the motor fuel technology for the 1980s will advocate a strong move into propane utilization, but for the 1990s the story will be methanol and some ethanol. Their reason is that the resources in the United States tend to lend themselves to methanol production with the technology that is at hand at the present time.

Certainly the economics are there today. All that is needed between today and the realization of a strong methanol component in our transportation area is the lead time necessary to put the technology into machinery which will get it under way.

8:40 p.m.

I am concerned that the government of Ontario does not see the tremendous potential that lies here and will not undertake to become a front runner in the development of some of these liquid fuel alternatives. We have feedstock that the United States does not have and we need to develop some of the technology associ-

ated with those different types of feedstock. The potential and the resource are there, the need for development and the opportunity to become an industrial leader are there, but the Ministry of Energy and the government tend to put a low level of importance on those alternatives.

I have other concerns that are worth mentioning at this time. One is that the government has made a profound statement about the importance of conservation, upon which the minister and I agree, and the importance of renewable energy, where the minister and I find common ground. Yet I am given to understand that the budget allocations in the ministry in these areas are actually being slashed rather than increased. While these estimates show an increase in amount, my information is that there is probably less money available in these areas. I think it is appropriate to know why.

I am concerned with the ministry itself. It has come to my attention that in recent months there has been a number of resignations in the ministry by key personnel who had made a sustained and excellent contribution in the areas of renewable energy and conservation. Mr. Minister, I think this committee should know why there is such a turnover.

Does it flag some kind of morale problem that exists in the ministry itself and a continuing turnover of personnel? We criticize you for not spending enough money on personnel from year to year, and I know that part of it is the difficulty in getting qualified people, the best people, to come into your ministry. There are some excellent ones in your ministry, but some very good ones have also left, and I find that very upsetting.

Mr. J. M. Johnson: It is because of criticism from the opposition.

Mr. J. A. Reed: That is my job. You just sit and listen to what a critic does and you will learn something.

Mr. J. M. Johnson: That is why you are chasing them away.

Mr. J. A. Reed: As a matter of fact, I think members of the ministry will agree that this critic has championed conservation and renewable energy as much as any other member of this House, and has pushed very hard to get an effort in those directions. And I continue to push hard because I know Ontario's future hangs on those hinges.

I am concerned about some of the structures you have created.

Hon. Mr. Welch: I am sorry, Julian, I missed that point. You were saying?

Mr. J. A. Reed: That conservation and renewables are the hinges for Ontario's future, especially in the longer term, which is what we have to provide for at the present.

I am concerned with some of the structures of the ministry, and I have had a few dealings with some of those structures in the last couple of years. I shall single out the Ontario Energy Corporation.

I am going to ask the minister—I would like to put the question on the record—why there is such an incestuous tie between that crown corporation and the Ministry of Energy. Why is the deputy minister the president of the Ontario Energy Corporation? Why are there so many government entanglements?

I realize, and I can appreciate, the feeling of insecurity you must have sometimes, being in the forefront of change, being in an area of change. There is a saying that the man who follows the crowd will usually get no further than the crowd, but the man who stands alone will sometimes find himself in places no one else has been before. That is where you should be, Mr. Minister, because that is what the Ministry of Energy and the subject of energy calls for at the present time.

But I have the feeling that what is going on, what is happening, is that there is so much caution within the ministry, there is so much—I am trying to find a nice expression for it—covering one's backside, if you like.

Mr. Havrot: You can use that word. We all have one.

Mr. J. M. Johnson: That is not a nice expression.

Mr. J. A. Reed: Very often progress is inhibited by the feeling that in order to be politically acceptable one has to cover one's backside.

I am going to give you one example of that, if I may: this publication, *Micro-Hydro Power*. This was the road map, I suspect, that we had been asking for for some time, a year and a half or two years, that would allow private enterprise to become involved in the development of small hydraulic power projects in Ontario. Just in case anyone believes the machinations of some reporters who say there is no hydraulic power left to develop, let me repeat that Ontario Hydro's 1978 study shows, in heads of over 20 feet, a potential of over 11 million horsepower, but they do not even consider heads of under 20 feet which may hold, in my own wet-thumb estimation, an amount equal to another 4,000 or 5,000 megawatts, at least 2,000 of which are located in

southern Ontario, which were in existence prior to this time and which perhaps are not now functioning.

I see a very nice, shiny book published, part of your million-dollar PR budget that is in the thing there, and the message I get from this is that you like the idea, and the Ministry of Energy likes the idea, but all of the approvals necessary to make this work lie with somebody else, with other ministries—essentially the ministries of Natural Resources and Environment.

One of the things we had better deal with during these seven hours, if we can—and I hope we can—is the relationship between your ministry and these other ministries. Do these other ministries have any commitment to developments of the kind you mention in this book? Do they have any commitment to them or are all the old prejudices which existed in 1974 and 1975 and 1976 and 1977—and I can go on, from personal experience—all still hanging around? In other words, do your policies in these things mean anything without policy changes in other ministries? I have grave doubts about that.

8:50 p.m.

This is the process of covering one's backside you see. You can take this position yourself then you can wash your hands of it. And you say, "Well, these approvals; good heavens, this approval is the Ministry of Natural Resources and this one is the Ministry of the Environment," and we are all out on our own again.

It seems to me that if there is going to be any progress made at all, it has to be as a joint effort. It cannot be made as a singular publicity or a singular piece of paperhanging.

I am concerned that the government, with all of its encouragement into renewable fields, has not identified the existing legislative obstacles to new energy development in Ontario, and has not moved to get out of the way and allow private enterprise and the entrepreneur, the innovator, if you like—where the whole thing really rests—to get on with the job. There are still obstacles all over the map. Some of them rest in federal hands. And it has even taken the Energy critic of the official opposition to lobby the federal government occasionally to get them to try to make commitments—

Mr. Kerrio: Successfully.

Mr. J. A. Reed: Yes, as a matter of fact and I will get into that a little later.

There are obstacles all over the place in legislation, bureaucratic obstacles—perhaps the fear of someone in a bureaucracy losing his little

kingdom—that are preventing a good many of these things from getting under way. If anything is going to happen, those obstacles will have to be identified, and you will have to make changes, perhaps in legislation, perhaps in regulation, perhaps in policy, to make sure those things are removed. At this date, none of them has been removed. You identified some of them, but none of them has been removed at all.

We get into the business of producing alternative liquid fuels, and maybe a lot of it is federal. I wonder how many hours you have spent hammering the honourable federal minister over the head with your two by four to remind him that the world is indeed changing; it is not all going to rest on oil in 1985 or 1990; it is going to rest on a broad-based thrust into all of the options.

Speaking of conservation, I would suggest to the minister that on the one hand he is stating what appears to be a policy, but on the other hand his government is denying the same policy. And I will refer to the area of the wonderful world of electric power.

The Ontario Municipal Electric Association this year passed a resolution of which I am sure the minister is aware. It called on the government to put emphasis on conservation equal to that which it is putting on increased generation capacity. The OMEA understands something perhaps not everyone understands. That is, the cheapest kilowatt of electricity is the one we save and the cheapest barrel of oil is the one we do not use. Yet, when I asked the Premier (Mr. Davis) a couple of weeks ago if he agreed with that OMEA resolution, he indicated he did not. And that is very upsetting.

I will make one other slight reference and that is to the area of progress, either pro or con, in the area of solar energy. The minister has talked about solar energy programs and how important they are and so on, yet the ministry continues to insist on exercising control over all of its solar expenditures. That is, by refereeing individual projects and metering them out as they deem fit over some time frame no one seems to know about.

I suggest to the minister there is another side to technical progress, and that is in the marketplace. If you do not fill up the shelf and provide some kind of incentive for the consumer to go out and buy solar equipment, I warn you right now that the solar industry is doomed in Ontario; and most of the industry that exists in Canada is in this province.

You cannot simply keep control over it while you wait for the technology to advance. I think I

have said this to you in person before. If we had done that with the automobile we would not have one on the road today. We would still be waiting for the perfect automobile to come along.

Mr. Foulds: We would not be short of oil, that is for sure.

Mr. J. A. Reed: Yes, there are some benefits. The local vegetable gardens would be better fertilized; we could do all sorts of things—and a gallon of oats would probably be more expensive than a gallon of gas.

But at some point the minister has to give the most serious consideration to the marketplace when it comes to energizing the solar industry. He must allow for the forces of supply and demand and make a good sales pitch—use charlatanism, if necessary—promising quality and making offers of “goods satisfactory or money refunded,” and so on, so the consumer will provide some of the impetus to the development of the technology. We flew in DC-3s before we flew in 747s, and they flew all right, although they probably would not be acceptable in 1980 construction terms.

I am also concerned—this is the final point I would like to make in my opening statement—about the emphasis on renewable energy; that there is a great promotion surrounding the words connected with renewable energy when, in fact, the government, through other ministries, has destroyed more renewable energy potential in the last three years than it created.

I was looking for the pamphlet that proudly displayed a \$100,000 solar energy demonstration unit that saved, in one year, 24,000 kilowatt hours. Just to get the perspective right, that is equivalent to a three-kilowatt hydraulic power plant, using Ontario Hydro's generating year of 8,000 hours.

So, when you are talking about renewables, just remember it is not that solar is not important; it is very important, and it will increase in importance as the years go on. But in the last year and a half, to my knowledge your government has destroyed about a megawatt of hydraulic power potential, and that is very much more than 24,000 kilowatt hours.

This water power I have been talking about for five years is really the first renewable, and I do not believe you have your act together on it by any stretch of the imagination.

In the town of Thornbury last year, the Ministry of Natural Resources destroyed a 200-kilowatt hydraulic power plant in order to construct a fish ladder. We were told it was

necessary to remove the penstock in order to do the fish ladder construction, but that the penstock could be replaced.

Mr. Minister, that penstock has never been replaced. The power plant has been sold by the town to a private individual, and the 200 kilowatts there would produce 24,000 kilowatt hours in a very few days.

9 p.m.

For your information, the penstock is lying in a pile beside the river right now; it is lying there and it could be replaced.

So perhaps I would like to challenge you tonight and say that if you are really serious about your renewables and if you are really serious about this stuff, I would like you to make a commitment to direct the Ministry of Natural Resources to reconnect that penstock and put that 200 kilowatts back on line. See if you can do that. That would produce about 150 times as much as your \$100,000 project and it will do it an awful lot cheaper.

Your other ministry, your alter ego, the Ministry of Natural Resources, tore out 300 kilowatts at the town of Mattawa. It was the second generating plant of two. It was only through the efforts of the critic of the official opposition that the large plant was saved; 300 kilowatts that was already in place at an awful lot less cost than \$100,000.

You tore out 500 kilowatts at Blind River; the penstock was cut up and moved into a scrap yard in Blind River. So far as I know it is still sitting there; it may be for sale at two cents a pound.

I only bring up these tragedies to demonstrate that if you are going to get into the renewable energy business, get into it. If you are going to allow it to happen, make sure you allow it to happen. But do not, on the one hand, do all the paperhanging and all of the advertising and the billboarding, and on the other hand allow the destruction of more renewable energy than is being created by these other technologies. So you have a challenge in front of you.

I can make this commitment to you, as the Energy critic: If you are prepared to get serious about it and proceed, you will have our support 100 per cent. But as long as it drops over the cliff when it leaves the Ministry of Energy—which it does in this book, I think, unless I am proved wrong by Natural Resources people who will come here and say they have a commitment too—I am going to continue to be vocal and very critical about this kind of approach.

We have a long way to go and we have to go

there in a very short time. It is going to take a far greater commitment, not necessarily in terms of dollars but in terms of recognition, than we have had to this point.

Mr. Chairman: Do you wish to respond now, Mr. Minister, or after we hear from Mr. Foulds?

Hon. Mr. Welch: After.

Mr. Foulds: Mr. Chairman, there are six or seven major items I would like to comment on in this leadoff.

I want to start with two obvious truisms. One is that energy is as important to Ontario as the constitution is to the feds these days. In fact, I believe the current constitutional debate has as much to do with the distribution of energy and the types of energy in this country as with the distribution of legislative taxing or constitutional power. Central Canada, being basically devoid of oil and gas, highlights that difficulty and that truism.

The second point I want to make is that the Ministry of Energy, therefore, becomes extremely important in adjudicating the public interest, among the conflicting private interests and society's interests, with regard to energy, and in Ontario that is obviously a very big job.

One of the most important mechanisms we have had in the past in this province in adjudicating that public interest, at least in the last five or six years, in just one of the energy fields, electrical power, has been the select committee on Ontario Hydro affairs. That is why I believe the scuttling of the select committee by the government, obviously with the concurrence of this minister and this ministry, was a very bad mistake.

The committee opened up Hydro to public scrutiny and, lo and behold, Hydro found it was helpful rather than harmful. Hydro recognized that and certainly the committee recognized that during the course of its work. The committee made recommendations to the government which, if implemented, could have saved over \$60 million just with regard to the Bruce heavy water plant. The committee examined nuclear power, as well as other forms of electrical power, in a forum that was both enlightening and democratic.

The committee, however, never did get to the examination of two of its most important mandates.

Ironically, the Conservative members of that committee voted against an interim report having to do with supply and demand. I think that report was initiated by the member for

Brant-Oxford-Norfolk (Mr. Nixon) and it resulted in a recommendation with regard to Darlington. The Conservative members voted against the majority recommendation because they felt we did not yet have enough information about the appropriate supply and demand equations and the appropriate mix, and they thought we should proceed to get that. Ironically, that is one item the committee did not complete because of the "realities" of March 19, as they are currently called.

More important, in my view, its most crucial mandate, to examine the roles of and the balance between government and Hydro, was never discussed. I think it is obvious that the government, Hydro itself and the ministry itself are having some difficulty setting that out. The previous speaker, I believe, raised in the Legislature last week the question of the letter of understanding that has been three years in coming. We have not yet seen it, and that indicates the ministry and Hydro do not yet know how they should be working together for the public interest.

It is a very serious matter when a major crown corporation, probably the major crown corporation in Ontario—certainly the major one in the energy field in Ontario at the present time—and the government do not know how to treat each other.

There are two specific things that indicate the existence of this tension between Hydro and the government is sometimes worked out on an ad hoc basis. I do not believe that is good enough if we want to develop an energy plan for Ontario that is consistent and gets for you the most return on your investment.

It is difficult for the people of Ontario to know, but I suspect it was a government decision to speed up Darlington, as was announced in the fall. That looked like an economic decision rather than a decision having to do with energy power and so on. That is fair enough. It does, however, seem to—I am trying to find a polite word and I cannot—it does seem to bastardize Hydro's role as we have had it defined traditionally in the province.

Mr. Stokes: How about "compromise"? That is a much nicer word.

Mr. Foulds: My colleague, the former Speaker, always comes up with the parliamentary word. It does seem to compromise Hydro's role as we have traditionally and historically known it in this province.

9:10 p.m.

Similarly, the government made a decision, eventually with Hydro's concurrence, to proceed with the generating plant in Atikokan. That was probably an economic decision as well, although there is probably more legitimacy in the need for power in the northwest than there is in the need for power in the southern system, because we already have our cushion in the southern system, or the east system as it is known, while in the west system we are marginally underpowered.

It is right, I believe, for government to make decisions about economic policy and it is right even to use our chief crown corporation in the energy field to implement that economic policy, but we should be clearer about what the rules are and how that policy works, rather than on the way it works now on an ad hoc basis.

I started this point by saying I believe it was a major mistake and tragedy that the select committee was scuttled. I think that select committee still has a role to play in defining the role between Hydro and government because obviously neither of you can do it. Either the select committee should be reconstituted to complete its specific mandate, or an energy committee having some ability to sit when the House is not sitting should be struck to complete that mandate of the select committee and to examine other energy problems in the province.

However, I think there was some legitimacy to the complaint that the Hydro select committee looked as if it were going to become another company law select committee. Ironically, the company law select committee continues to exist after 14 years.

Hon. Mr. Welch: But its end is in sight.

Mr. Foulds: I think it is going to renew itself like the phoenix from the ashes because its first report will now be out of date. That is the word I hear from the members.

Hon. Mr. Welch: I am an alumnus of that committee.

Mr. Foulds: The matters of energy and the matters of the relationship between Hydro and government and so on are far more important, frankly, to the future of the province than are company law and insurance.

I want to follow up for a few moments about the government decision to use Darlington as an economic tool. I think that decision coincided with a current bias in Hydro that has been there since 1972-73 when the nuclear imperialists gained the ascendancy there; that continues to be there.

It seems strange to me that this ministry, which from the minister's opening statement talks so much about conservation and renewables, goes along with a nuclear bias. That is leaving aside all the arguments that traditionally occur about nuclear energy. I happen to think that at the present time it is an expensive way to go. When one thinks of the \$6.5 billion in capital that will be required in the investment in Darlington when we actually do not need the electrical production, that is not a good way to invest that money.

First of all, if we had got the energy out of Bruce which is already there, we would not need Darlington. Some of us would even argue that we do not need Darlington now with our oversupply in the eastern system. Frankly, the possibility realistically of using power from Darlington for export is very slim. The amount we could export on any kind of firm basis looks as if it is receding more and more into the nonexistent future.

When I stop to think about having \$6.5 billion around to invest and what we could do to invest that in diversifying not only the energy future of northern Ontario but the whole economy of northern Ontario, I wonder where are the priorities and the economic balance. When I think that the whole BILD program, part of which you referred to in your opening statement, is funded with \$1.5 billion, which sounds like a lot of money—and \$1 billion is beyond the comprehension of most of us here—when I think that that program has that much and you are putting four times that much capital into Darlington, I wonder where economic priorities are. I just wonder whether that is good economics.

You mentioned that at long last the government is going to expand the mandate of Ontario Hydro in order to offer home owners "up to \$2,000 by way of a loan to aid them to conserve energy, upgrade wiring and convert heating systems from oil to electricity." I am pleased to see you and the BILD program are picking up on a suggestion we have been advocating for a number of years, which is to expand the mandate of Hydro into the energy conservation field. My predecessor as Energy critic, Ms. Gigantes, talked about that often enough in these estimates.

When I look at that wording, I wonder what kind of commitment that is because, first of all, at the present time, electricity for space heating is still more expensive than oil and will be for a considerable period of time. The other problem

with that—and I am sure the member for Lake Nipigon (Mr. Stokes) will speak about this during the course of the estimates—is there is a large number of homes that one cannot convert to electricity in northern Ontario. I imagine that is even true in southern Ontario. There are large areas where there is no electrification. It is in those areas where I believe you have to diversify the mandate of Ontario Hydro.

You also have to persuade Ontario Hydro they can develop systems that do not have to tie into the grid. They can do that through the use of peat generators, fluidized bed generators and small hydraulic developments.

You have to boot Hydro around a bit to encourage them to do that. Because of their present mandate and the blinkers they have on, they only think of electrifying in new areas via the grid system. There is a little village in my colleague's riding called Armstrong where I happen to have lived for a year—and I am sure he will be speaking about it much more knowledgeably than I—where electrifying that individual village makes more sense and Hydro should be doing it. You should be expanding their mandate, or probably their existing mandate is good enough; it is just that they are not exploiting it properly to do just that.

9:20 p.m.

In my riding, which is a relatively urbanized riding in northern Ontario, there are places only eight to 10 miles from the city of Thunder Bay that do not yet have electricity. The enormous cost to the individual home owner to have the line put in makes it prohibitive to those individuals; and they are not far from civilization. Until Hydro changes some of the guidelines so that communities in my colleague's riding, those in as compact a riding as mine and all through the north, are fully electrified, this province cannot consider itself civilized.

When India threw off the British yoke, the two chief objectives of the government of that Third World country were "education and electrification"—that was the slogan. And we still have not achieved full electrification in a province as rich as Ontario. I find that very disappointing.

There are just three other topics I would like to touch on quickly. One is conservation. It has become almost a truism that conservation is a must. It is as if we are trying to compensate for our lack of action. There is no debate that conservation works, that there have been successful projects throughout this province, indeed throughout North America. But there are a

couple of important points to be made.

Energy which is conserved is one quarter as expensive as energy created through nuclear electric generation. It is barely one half the cost of imported oil, according to calculations by the federal Ministry of Energy, Mines and Resources, and the report of the Porter commission. Energy conservation is the same as finding an oil well in your home.

I know that because my home happens to be heated by oil. Last year I put in triple glazed windows on the northern exposure and a tightly insulated porch in the front. My bill this year for oil was \$200 less than my bill for last year, which meant a saving of approximately 20 to 25 per cent of my total oil bill. The improvements I made cost a couple of thousand dollars, but a lot of that expenditure was for rehabilitation of the front porch.

That kind of conservation measure, which is just a small example, is, as I said, as good as finding an oil well in your home. That is where we can conserve oil for this province, not in this obsession Ontario seems to have for transferring everything to electricity because we have an overabundance of it.

There are some things that should be electrified, but there are some you cannot electrify. Just because we have that resource in Ontario, we should not automatically think that total electrification is the best solution.

In the estimates booklet which we were given in advance I noticed something that happens to be an interest, if not an obsession, of mine at the present time. I think I am right that the only item listed as a new activity of the ministry is an expenditure of \$1,464,900 on information services.

What I really want to find out, when we get into the details of the estimates, is where all the money came from for that most infamous of the government ads in the last 18 months, the Ministry of Energy's "Preserve it, conserve it" ads. They were slick and very professionally done, and I wondered what the purpose was. I could only come to the conclusion that the purpose had nothing to do with preserving and conserving energy; they had to do with preserving and conserving the life of the Conservative government. And the wording itself is such that one was almost inevitably brought to that conclusion.

The other thing that made me wonder about those ads—it is probably the only thing that the Ministry of Energy became famous for in the last year; infamous, I should say.

Mr. J. A. Reed: What did you expect, a singing commercial?

Hon. Mr. Welch: We have one; I would be glad to hum it.

Mr. Foulds: If you really want to get into that, they were running that commercial five times every two hours in prime time television, along with the "Davis can do it" ads, for at least a six week period. Even on the day of the election itself, I am told. I was too busy on election day to watch them.

But seriously, I think it is important for government to realize it is difficult for government to measure the impact of its advertising. I do not disagree that government should advertise and I do not disagree that government should even be engaged in advocacy advertising. For example, I think Hydro has the right to advertise in competition with Imperial Oil or natural gas or what have you. I may disagree with some of the content and style and imagery and truth of Hydro's ads, but I do not disagree with the principle.

And I do not disagree with the principle that the Ministry of Energy should be trying to change lifestyles so we conserve energy. What I do disagree with is that it could be genuinely and objectively construed that particular ad had more to do with promoting the fortunes of a political party to which the members of the executive council belong than it did with preserving energy.

The other problem, and a very serious problem with government advertising of that sort, is how to measure its effectiveness. The conservation you mentioned in your speech, Mr. Minister—the reduced use of oil, et cetera—could very well have had more to do with economic downturn than it had to do with positive conservation measures. And that is one thing that needs to be examined.

A private company that advertises a hair shampoo or an oil or what have you can measure the results by the marketplace. It may be trying to manipulate that marketplace—and they all try to manipulate it—but if the sales start dropping it drops that ad agency and hires a different one. You have no way of measuring—or very few ways of measuring that I know of—whether or not those ads were effective in actually persuading people to conserve and preserve energy.

Mr. Kerrio: They measured it on March 19, Jim, if what you say—

Mr. Foulds: Well, they certainly did. They certainly were effective in that way.

I did want to mention one last point and that has to do with a clause in the act to establish the Ministry of Energy. I always find the founding act of a ministry, particularly one as new as this, interesting to look at.

This act is the traditional Progressive Conservative government of Ontario kind of act, in that the first seven or eight clauses are the cover-the-backside clauses, to make sure the ministry does not get into trouble. It is only around the seventh or eighth clause that you start finding out what the ministry should be doing.

Hon. Mr. Welch: I usually stand when there is any extract read from that, but you will excuse me—

Mr. Foulds: Go ahead. Are you not standing now?

Hon. Mr. Welch: Okay, that's one for you.

Mr. Stokes: That is once.

9:30 p.m.

Mr. Foulds: That is the part that says, "The minister or the deputy minister, subject to the direction and control of the minister"—I like that "subject to the direction and control of the minister"—"shall"—and it is the (d) clause—"make recommendations regarding priorities for and the development of research in all aspects of energy significant to Ontario, including the conservation of energy and the improvement of efficiency in its production and utilization and the development of new energy sources."

I just want to conclude by saying I believe that is the key mandate of this minister and this ministry. It is important that the ministry not see itself merely as a co-ordinating ministry, although because of its nature that is one of its functions. It must also be able to deliver on those recommendations regarding priorities, because, if the ministry does not deliver in a concrete way, all the co-ordination in the world will not help Ontario to restructure its energy future so as to maintain the standard of living its citizens have a right to expect.

Mr. Chairman: Do you wish to reply at this time, Mr. Minister?

Hon. Mr. Welch: Mr. Chairman, I do not think it would be fair to take a lot of time in rebuttal because we are anxious to get on with the details; and given the amount of time for the estimates, I acknowledge that I have already had my opportunity to make some general statements.

Many of the points covered by both of my colleagues will be dealt with in some detail under specific votes, and perhaps we will have the opportunity at that time to expand on some of the programs and the emphases within the ministry and debate some of these matters.

I would not want the fact that I am not going to go into a detailed rebuttal now to be interpreted as an acceptance of some of the comments and observations of my colleagues. I look forward to the opportunity to go into more detail when we get to the vote.

However, just one or two observations, quickly.

It would seem to me, on the basis of what has already been said tonight, that there is a great deal of agreement about objectives and targets. We can certainly have some honest differences of opinion with respect to our strategy and the methods adopted to reach those particular objectives and targets, and that is what makes this whole exercise—that is, the consideration of the estimates—such a helpful exercise.

We are really not in basic disagreement about what we are trying to accomplish. There may be some honest differences of opinion with respect to how we accomplish it.

May I say to my friend from the official opposition I appreciate the fact that we are together on the emphasis on conservation and renewable energy. I would also agree that we have to attack energy, as he has so correctly pointed out, on a broad front rather than putting all our eggs in one basket. We have these various options.

Reference was made by him, quite properly, to the degree of co-operation that would exist between this ministry and other ministries when one understands the structures here in government, and I could not agree more. I included a sentence or two in my opening remarks on that very topic, indicating how pleased I was with the level of co-operation.

If I can get to one particular point, the recent publication on small hydraulic power developments, I want to assure my colleague that the policy statement encompassed in that pamphlet—and it was the subject of my address in Ottawa a week or so ago—was a joint submission by the Ministry of Energy and the Ministry of Natural Resources. Both Mr. Pope and I took that particular policy forward. From that point of view, it does involve that ministry and includes a commitment from that ministry.

I, along with my colleague, would be the first to say: "Fine, there it is. It is in print. We shall

see how it works when the first proposition or the first proposal, the first application, comes forward, and we shall judge it on that basis." That is a fair comment: "We shall see what develops."

Whether it be the Ministry of Natural Resources, whether it be the Ministry of Agriculture and Food—to which I did make specific reference because of a report that is coming out soon—the Ministry of Transportation and Communications, the Ministry of Housing, or the Ministry of Government Services, I think it is fair to say we have a good working relationship under this general program of Energy Ontario.

The honourable member raised questions with regard to alternative transportation fuels. If he would turn to page 11 of that booklet, he would see the information he learned yesterday, or whenever it was, at the Ford Motor Company corresponds with what is set out there. That is influencing this ministry in its investment in research in the whole area of alternative transportation fuels. The time frames set out on page 11 and the compatibility chart on page 12 would pretty well correspond to what the member's own thinking would be in that regard. We can get into that as we go along.

There was a reference to staff turnover, which is certainly a matter of some interest. The honourable member answered part of his question himself when he pointed out the tremendous competition there is for qualified people in some of these areas. It should come as no surprise that other sectors of the economy might well look to those in government as good prospects for filling their vacancies.

Certainly I am proud to have a ministry which, when it comes to absenteeism, has the best record of all the ministries. That shows something of the dedication of a very small staff, for, comparatively speaking, we are a small ministry. Our people are dedicated. Their record of commitment to the task is quite obvious. As to the reason for the turnover, one would need more information than just a general discussion on matters. I am sure there is some explanation why a particular person or persons might seek an opportunity elsewhere.

As there was a bit of a challenge set forward to the minister on this matter, I would like to get some more information before I follow up on it. But I would be delighted to look into it. The details are now reported in the Hansard records of this discussion and I would be glad to take a look at them.

Mr. J. A. Reed: I shall expand on them at length and at the request of the minister.

Hon. Mr. Welch: My colleague would be quite surprised if I had leaped into that matter without having just a little more information. I will be glad to respond to that.

I look forward to discussing a number of these matters, including the solar program. There is no shortage of literature coming out of our ministry; we have a book on every subject. I am sure you have as well. We have three volumes on solar energy and I could refer you to certain page numbers regarding the solar program during the course of the next few hours.

Mr. J. A. Reed: It occupies almost half of my office.

Hon. Mr. Welch: I do hope from time to time you take a minute or two to read it.

Mr. J. A. Reed: I will continue to try.

Hon. Mr. Welch: I might say to my colleague, Mr. Foulds, that once again I appreciate his comments about the terms of reference of a minister's responsibilities as embodied in legislation. I think a minister should have this drawn to his attention from time to time. I agree, quite seriously, that the section to which he made reference does give a great deal of meaning to the work and to the mandate of the Ministry of Energy.

The very point both critics made with respect to conservation certainly points to the motivation behind the emphasis which the ministry placed on conservation and its decision to encourage it through a public information program. I cannot accept the suggestion that it was motivated by any partisan political point of view.

I have to ask the honourable member to accept from me that it was obvious to me, as he has already mentioned and as my colleague Mr. Reed has mentioned, that the most immediate source of energy we had available to us was the energy we did not use; that is, conservation energy. There had to be some way of establishing and satisfying ourselves that there was an awareness, as far as the public was concerned, and professional people were retained to help us in this regard.

9:40 p.m.

I agree quite readily that the assessment as to the effectiveness is essential. We are, as we will explain to you, just awaiting the outcome of a survey on that particular matter. The material is in. It is just a case of running it through the computers now and getting some assessment with respect to the effect.

I think the point you raise is very valid, and

also the fact that it is different to selling some type of a product where there is a more obvious way of making that particular determination.

There are surveys with respect to that. I would be the last to suggest that the jingle or the conservation message, either in print or through the electronic media, is the only reason we are seeing some of the results we are seeing. There are a number of factors. I am satisfied, however, that the conservation message is being listened to seriously and that conservation is becoming part of the lifestyle and practice of an increasingly larger percentage of our population, and I am very pleased about that.

With all of the responsibilities we have in the day-to-day operation of the ministry, I would have liked to have filed a memorandum of understanding between the ministry and Hydro long ago. That will be ready, I can assure you, before very long.

I want to suggest the fact it has not been tabled is not in any way a reflection of the fact it has been difficult to work out. From my experience I have no complaints about the working relationship between the Ministry of Energy and Ontario Hydro. It is just a case of finding time and putting it all in writing and finalizing that. I should mention that, as it would be appropriate to mention it once we get to next Wednesday morning when we have an opportunity to review some matters with Hydro.

I have already indicated there are a number of matters that have been mentioned on which there should be perhaps more specific comment, but I think I have had ample opportunity by way of general comments and perhaps it would be wise for us to turn to the first vote and maybe respond to some more specific questions and/or comments which members of the committee would have.

Mr. Chairman: Mr. Johnson,, you wished to speak. Was it on vote 2001?

Mr. J. M. Johnson: Yes.

Mr. Chairman: Then are we agreed we will proceed with 2001?

Mr. J. M. Johnson: Is this a general discussion?

Mr. Chairman: No, it is specifically on 2001. Perhaps we should go to Mr. Reed.

Mr. J. M. Johnson: Since we only have such a short period of time, could we not take this in a fairly loose form and get it out of the way and then the next day we could concentrate on the votes?

Mr. Chairman: Sorry?

Mr. J. M. Johnson: I was suggesting that instead of being narrowed down to a specific area now, since the two opposition critics have had the opportunity to respond, maybe some of the other members would like to bear in on something that will not come up in a specific area.

Hon. Mr. Welch: The main office vote usually lends itself to that.

Mr. J. M. Johnson: Perhaps for half an hour or three quarters of an hour we could be a little loose.

Mr. J. A. Reed: Just on a point of order to help to clarify the situation, each of these votes deals with fairly specific areas. Tonight we are dealing with administration. If the comments apply to the ministry administration program, I think they would be very much in order. Otherwise, it might be more appropriate to have those other questions at other times when there might be staff members or Hydro people here or whoever can answer questions.

Hon. Mr. Welch: I do not mind hanging loose.

Mr. Foulds: If I could speak for a moment, I would think, however, that we should restrict even our general comments to the first vote if we are going to debate that first vote. After all, the minister actually presents the government's—and presumably the government members'—viewpoint on the policy of the government, which is what the leadoffs are all about.

In terms of administration, there is a vote right in the first item on administrative offices and the main office, and matters of policy and particular questions can be raised on that; but I would hate, on the first vote, for example, to have something raised specifically about renewable energy development, which is the second item in vote 2003. That is the only reservation I have.

Mr. Chairman: I think we had agreement that we would proceed with the vote tonight and I would suggest a general discussion in view of that; I think all parties agreed to that. The staff certainly is not here for general questions on those items.

Mr. J. M. Johnson: Would it be all right if I raise the question? If you rule it out of order, I would be able to accept it.

Mr. Chairman: Bear in mind the time, Mr. Johnson.

Mr. J. M. Johnson: It will only take about two minutes to outline the question.

My concern, Mr. Minister, is in regard to alcohol as a fuel. If it is out of order I would be glad to set it aside to a future date.

I am concerned that if Ontario enters into a program to use alcohol from grain as a fuel, as a substitute for energy, although it may not be a concern in the next five or 10 years my understanding is that there is a potential shortage of food in the world and I just cannot see us, as a supposedly enlightened society, agreeing to use food land for energy purposes.

We have an abundance of uranium and many other natural resources that we can use for fuel and I think if we are going to embark on some programs, it is time that we decide on the direction in which we are going.

I am extremely concerned that if we set our goals on this avenue we might, in the short or medium term—

Mr. Chairman: I think, Mr. Johnson, this question could be brought up under vote 2003, renewable energy development. I would suggest that, if we are going to deal with vote 2001, perhaps you are out of order with that subject.

Mr. J. M. Johnson: Fair enough, I will accept that.

Mr. Chairman: I would think that as our timetable does deal with vote 2003 perhaps it might be acceptable there. Is that fair enough?

Mr. J. M. Johnson: I accept it, Mr. Chairman.

On vote 2001, ministry administration program:

Mr. J. A. Reed: I have a couple of questions. I would like to know how many staff have resigned from the Ministry of Energy in the past year and how many staff have been engaged by the Ministry of Energy to carry out its programs, and if the number engaged meets the targets that were talked about a year ago. I think you were going to increase the staff by 47 or something like that. It would be interesting to know how many of those positions have been filled.

The reason I ask, and I will restate what I have said, is that I know to get people in some of these new fields is not the easiest thing in the world, particularly to get qualified people, and naturally the ministry needs the best and wants the best. It is particularly upsetting at this stage of development to see people leaving the ministry, going away from the ministry, and it would be interesting to know why.

Is it a very large movement out of the

ministry? Is there any kind of morale problem that would be inhibiting the work of the ministry?

9:50 p.m.

Hon. Mr. Welch: Mr. Chairman, there are a number of questions there and a great deal of detail. We will do our best. I will ask the deputy, as the chief administrative officer of the ministry, to report on the movement of staff.

As he gets ready to share whatever information we have available to us on those matters, I would point out that when you ask why people leave, all we can tell you, of course, is the reasons that were given. I assume those are the reasons. If there are other reasons that are not shared with us, of course we would have some difficulty—

Mr. J. A. Reed: It is not my intention to pry into people's private affairs at all.

Hon. Mr. Welch: Yes, I understand.

Mr. J. A. Reed: I am concerned. How many have left? From my information, they are people in reasonably senior positions. It is a matter of deep concern.

Hon. Mr. Welch: Fine, that's fair enough. I will ask Mr. Rowan if he will give you that factual detail.

Mr. Rowan: Mr. Chairman, we will have to provide the specific number of resignations over the past year at a later date. We do not have that information here, but we will certainly get it for you.

If I can make some general comments on the morale issue, or the alleged morale issue, of the ministry—that would seem to indicate there were a number of people leaving because of low morale.

I am not aware of a large number of people in senior positions leaving the Ministry of Energy. I am aware of one or two people who have left the ministry, including the assistant deputy minister, conservation and renewable energy, a man who has been with the ministry—and officially he still is with the ministry, so I am using the present tense—since 1974.

He is a man who came from the university community. He came into the ministry because he felt there was a job to do in energy, not in order to join the civil service per se. He did not see himself having a career in the civil service such that he would move from Energy into another ministry.

Over the past seven years, Dr. Rowe, the individual concerned, has contributed an enor-

mous amount to the development of energy policy in this province. I do not think anyone would dispute that.

He identified some personal targets for himself. When he decided to leave the ministry, he advised me that he had achieved many of those targets. He is a man who has enormous energy, to the point where he suffered some health problems last fall. He had high blood pressure, caused, according to his doctor, by his inability to know when to stop work. He did not know when he was tired and so his system was overworked. That, plus the fact that he had other goals and other career opportunities caused him to assess whether now was the time to pursue those opportunities.

Dr. Rowe left the ministry in the best of atmospheres. His contribution is well recognized and we hope that we will be able to maintain a relationship with him as an individual and as a professional, a man who has wide experience, who can be called upon from time to time for advice and counsel. We hope that opportunity will be available to us, depending on what career path he decides to embark upon.

Dr. Rowe is the only senior person I am aware of who has left the ministry in the last 12 months. When one talks in terms of large numbers of people leaving, I am not aware of those people.

Mr. J. A. Reed: I am not sure what I mean by senior or not senior. I said "relatively senior" and I did not want to single out anybody. But you have singled out one person who was the most senior of all of them.

Mr. Rowan: If I may go on, there is another measure, and the minister touched on this. It has to do with absenteeism and the way in which people relate to their jobs. There are across-ministry measures taken in all of the ministries, and a list is prepared. As the minister indicated, the Ministry of Energy consistently, since I have been deputy minister and as long as the ministry has been in existence, has had the best record across government.

That is a very good measure of the dedication of the staff of the Ministry of Energy. They are committed to doing a good job. Their morale is high. They see progress. They are sometimes frustrated because everyone is sometimes frustrated in his or her job. But when it comes to doing their job, producing quality work, I cannot think of any group of people in any other ministry who perform better than the employees of the Ministry of Energy.

Mr. J. A. Reed: You will get no argument

from me there. I think they perform incredible feats on budget cuts; they do terrific things. They can keep up the image of renewables and conservation at the same time that they get their budget sliced away from under them. They still carry on. They are great fellows, and I say that with all sincerity. They are people to treasure at this particular juncture in history because there are not a lot of them. They are hard to come by. That is why I expressed a concern.

There was a supplementary to that. Have you filled your complement and your staff objective?

Mr. Rowan: We have been one of the few ministries this year that have been blessed with an increase in staff.

Mr. J. A. Reed: But you said you were going to increase it last year. You talked about certain targets for increases in staff. I have a few numbers written down here. Have you done it? You have increased staff, but have you found the complement you had in mind a year ago?

Mr. Rowan: We have very few vacancies in the sense that many of the positions are occupied. Not all of the people are the full-time professionals we would like to have in our complement. A number of them are there on a contractual basis. In the sense that the work is getting done, there are very few positions that are unfilled except for the normal turnover and certain key positions, and I will stress that, where it is very difficult to get any person who is qualified at all. One thing the Ministry of Energy does not do is to fill just for the sake of filling. We do not undertake programs just for the sake of undertaking programs.

Hon. Mr. Welch: A good example of that is our present advertising in the solar field.

Mr. Rowan: We have received authority for an additional 40 people, with a promise of 40 after that, for a total of 80 for this fiscal year, provided that we can bring forward an accommodation plan because we have to house them. We will be filling those positions and are filling the first 40 right now. I am quite optimistic that we will be better staffed this coming year than we have ever been in the past.

10 p.m.

Again, keep in mind that as we go out and advertise some positions, particularly in the solar field, they are extremely difficult to fill. As a matter of fact, the other day I met the executive director of the solar industries association and we were commiserating about the great difficulty of getting good technical people

in his industry. His members have the same difficulty we do. We are vying for a limited pool of talent out there, his members from the point of view of manufacturing and sales and the ministry from the point of view of technical competence and policy. He did make some very complimentary remarks on the quality people we have in the ministry.

This raises another issue. One of the very finest solar people in Canada is with the Ministry of Energy. From a career point of view, he has decided he wants to move into another area of management within the Ministry of Energy. What do we do? Do we say to him, "I am sorry, you cannot move. You have to stay in the solar area because that is where we have scarce resources"? I could tell you what would happen. He would leave the ministry and go somewhere else.

From a career development point of view, keeping in mind that this person is not only a good technical person but is developing into a good manager and wants to broaden his experience in that area, we will move him within the ministry into an area where he does feel he has growth potential. But that does leave a hole back in solar. We have those kinds of issues to deal with every day. That is part of juggling the scarce resources we do have.

Hon. Mr. Welch: That would explain too why we are running a bit behind in the solar program at the moment, to which some reference was made in the opening remarks. It is a manpower situation. The important points the deputy mentions from a day-to-day administration point of view are not situations that are peculiar to us. I am sure what we are experiencing from time to time must be experienced in other places where there are special skills and keen competition for people with these particular skills.

Mr. Chairman: We have five speakers who would like to speak on this. Mr. Stokes.

Mr. Stokes: Thank you, Mr. Chairman. I would like to get into a more philosophical dissertation for a few moments. I want to start off, first of all, by parting company with my honourable friend from Halton-Burlington when he referred to the incestuous relationship between the deputy minister and the president of the Ontario Energy Corporation.

While I have not had an opportunity over the past five and a half years to sit here and rail and barrack with individual personnel within the ministry, I have had an opportunity to keep abreast of what is going on in this ministry by a

campaign of letter-writing and button-holing people out in the corridors and what have you. That brings up the role the deputy minister plays as the head of the Ontario Energy Corporation. I suppose he is the single most important person in the entity that will get into opportunistic joint ventures on behalf of all of the people in Ontario.

I regret the fact that the government got out of its position in Syncrude for reasons perhaps of balancing the budget on a temporary basis. It would have been much better—I said so at the time and I am even more convinced now—had you stayed in there and perhaps even increased your position. However, that is by the board. You have taken a position, albeit a minority position, in the Polar Gas thing. You are a very active partner in the consortium, and I hope you will continue to be. But, at the same time, I realize you are having some problems with another regulatory authority and perhaps with other interest groups, particularly our native people.

I am referring not only to native people in the higher arctic, the Dene and the Inuit, but when we get down into northern Ontario there has been less than the kind of co-operation we would wish to see with our native people, particularly in the Treaty 9 area. I have quite a file on that. I hope the Ontario Energy Corporation will be much more open about what is going on and what it is hoping to achieve, the kind of position; particularly in the gas field, where we are certainly energy deficient and where we are trying to right that by taking a position that will be beneficial to all of the people of Ontario. I hope you will come out into the open.

I realize that you had a presentation before the National Energy Board that was withdrawn for technical reasons, having to do with the high arctic, and that now that you have what seems to be a reasonable alternative, something that is technically feasible, you are before them again, or are about to go before them again.

There are some problems. I think it would be in your interest, and it would allay a lot of the fears that are out there, particularly among the people who come to me on a daily basis, if I could report, for instance, to the Treaty 9 group: "This is what is going on. I can share with you all of the environmental assessments that have been done with regard to protecting your cultural and aboriginal lifestyle, and I can assure you that it will be disrupted not at all or at least minimally."

The situation between the parent company

and Treaty 9 has degenerated to the extent that they will not even allow anybody on any of those northern reserves, and that is most regrettable. I think the Ontario Energy Corporation and you, Mr. Rowan, should share that with members who represent those areas. If I could go up there and say, "This is the situation when the National Energy Board is prepared to move," I think I could be of some assistance to you, rather than have you hiding your light under a bushel and saying, "When we get approval, then we shall deal with those people out there." I think that is a little bit too late. I think we have to put our cards on the table.

One other thing that I want to discuss very briefly as it pertains to the Ontario Energy Corporation is the fact that many years ago a former minister of mines made some rather grandiose boasts or predictions that it might even be possible for Ontario to be reasonably self-sufficient in its own right, given the encouraging results of some preliminary drilling done by Aquitaine and other companies in the Hudson Bay lowlands.

Obviously, those were aspirations that were never realized; but, given the experience in other jurisdictions and given the fact that perhaps they did not have the technology and the skills they have now, it may be possible to go back in there and at least dedicate some money to that particular purpose. I understand that you have dedicated, or are about to dedicate, some money for that purpose. Given the fact that we are so deficient in those and so reliable on other sources, that would be money well spent, and I would encourage it.

10:10 p.m.

I see no evidence out there that the public is being kept aware of what the Ontario Energy Corporation is doing. You are not going to get these companies to go in and do it on their own. These joint ventures are an excellent step in the right direction. It would not only give us pride in what we are doing in Ontario, but it would also provide better accountability on how we are spending the taxpayers' money.

We do not want to build up false hopes, but I think that is what government is all about. We should be telling the people what we are doing. The government should be vocal with regard to its position in Polar Gas and whatever it hopes to do in the way of re-exploration. It should use the information already available and try to build on that experience to come up with something in the Hudson Bay lowlands.

Here I part company with my friend from

Halton-Burlington (Mr. J. A. Reed). I do not see an incestuous relationship. I see a cutting of bureaucracy and red tape and I see it as an excellent relationship. I would just like to know more about it.

Mr. J. A. Reed: Don't you see the maintenance of ultimate control?

Mr. Stokes: No, I don't, not with joint ventures like this.

Mr. J. A. Reed: Well, that's where it's at.

Hon. Mr. Welch: If the minister had to accept any one particular point of view, he is very attracted to the one just expressed on his left.

Mr. J. A. Reed: I may stand alone, Mr. Minister.

Hon. Mr. Welch: The Ontario Energy Corporation only has one shareholder, who happens to be the Minister of Energy, and then there is a board of directors. So there is a bit of control with respect to this in the public interest, which I think is the point that is being made.

The member for Lake Nipigon raises two very interesting points. Perhaps the president of the Ontario Energy Corporation might comment on where we stand in so far as the Hudson Bay lowlands are concerned. We had hoped that by now we would have our licence to proceed with that project.

Mr. Chairman: Could the chairman comment that we do have a couple of our members who would like to comment before 10:30?

Mr. Stokes: There will be bell ringing at 10:15, so you will never reach that.

Mr. Rowan: I very much appreciate the comments of Mr. Stokes. Mr. Foulds touched on that earlier as well. I too have had some frustration, even in the Ontario Energy Corporation, with respect to how to get our message out and if the message we do get out is getting to the people who are interested. We are trying to get the message out better. I think over the next little while we will do an even more comprehensive job than we have done in the past.

Mr. Stokes: I hear about the advertising, but I hear nothing about the things I referred to.

Hon. Mr. Welch: We have advertised in such leading journals as Maclean's magazine and in a certain Toronto morning newspaper—the Globe and Mail, I think. The Ontario Energy Corporation has been running some ads on Polar Gas and other matters.

Mr. Rowan: What we are doing with respect to Hudson Bay is working with two private

sector oil and gas companies. We have made an application to the federal government for a licence of exploration in the bay. Our assessment, based on the best information we have, is that if we are going to do anything in that area it will be in the bay rather than the James Bay lowlands. The geological prospects on the land itself are, unfortunately, not as good as in the bay.

We are hopeful that the federal government will give us a licence in the next two or three weeks—I seem to have been hearing and saying that for a month or more now—to begin a program. It has been delayed so much this year that it is very doubtful the program will be able to run this year. It looks as though it will have to wait until 1982, which is unfortunate.

As you may know, in the lowland itself we have a very active program for lignite exploration and other minerals which we started last year. We have had quite extensive discussions with private sector companies and we are hopeful—in fact, more than that—that we will be entering into joint venture arrangements, under our licence, with private sector firms to expand the exploration program in the James Bay lowlands for lignite and other minerals.

So the Ontario Energy Corporation is getting into the conventional energy area. We have a program in southwestern Ontario with Petro-Canada and with Canada-Cities Service. It is a relatively small program in the sense that southwestern Ontario does not have large prospects, but we are exploring for oil and gas in that area. We are talking with other companies which want to have us as partners in other oil and gas plays in Ontario. Whether we will enter into agreements with them is still to be determined, but the Ontario Energy Corporation is looking at a lot of prospects out there.

With respect to Polar Gas, you are quite right. It is a program that has a diverse set of interests working both for and against it in that there is an arctic pilot project which is being promoted by Petro-Canada and Alberta Gas Trunk Lines, the new Alberta company, Nova, with Dome Petroleum, which would like to liquefy that gas and take it out by sea rather than a pipeline. That is causing some erosion of purpose for the Polar Gas project, there is no doubt about that.

Mr. Stokes: That is not in Ontario's best interest, though.

Mr. Rowan: We do not believe it is, no. There are other people who are looking at bringing a pipeline down the Mackenzie Valley and hooking up the Beaufort Sea reserves and the Mac-

kenzie Delta reserves and, ultimately, the Arctic Island reserves in a Y-line that comes to the west, not to the east, which would bring the gas down through the Northwest Territories into Alberta and then hook up into the present TransCanada PipeLines system. That is a project which has some very strong backing.

We are looking at Ontario's long-term natural gas supplies and what a pipeline, which would cut through northwestern Ontario and come into Longlac, would do for opening up that part of the province which has some tremendous industrial and other advantages.

We are looking out for Ontario's interests in the 20 to 25 year period and we believe that is a role the Ontario Energy Corporation can play for the province, working with the private sector. I will, however, look at the issue of how the native people, through yourself, might be better advised with respect to Polar Gas intentions in that area and I will follow up on that.

Mr. Kerrio: Mr. Chairman, it seems appropriate to raise my question at this time when we are talking about joint ventures. I wonder what the future might hold in the microhydraulic development as it relates to involvement of the private sector. Is there a role there? Is your ministry entertaining any involvement of the private sector to develop some of these small sites?

10:20 p.m.

It would appear in other jurisdictions they are most willing to allow the private sector to develop some of the small hydraulic sites and put them in the grid as a means of blending the private sector and energy corporations like Ontario Hydro. Have you any such notions?

Hon. Mr. Welch: I think the short answer to that is yes. It goes back to what our colleague Mr. Reed was mentioning, namely, the statement that has been put out dealing with it and the procedures that are to be followed. We hope, along with Mr. Reed, that this will provide a clear definition with respect to the terms under which the private sector could become involved here if there was some interest on its part.

Mr. Kerrio: In a sense, Orillia Water and Light is a separate entity to Ontario Hydro, and it seems that the biggest problem it has is surmounting the environmental and natural resources barriers. They have been before us many times. They are some four or five years in the works, trying to get an enlargement of their facility. It would appear that it is quite timely for

those kind of assessments to be made of where the other parts of the ministry fall into place, as well as enlarging it to the private sector.

Hon. Mr. Welch: We have been discussing the Orillia situation in particular over a period of time. That involves other problems they have, namely, they seek to undertake projects outside their own municipality, as you know. That requires legislation.

Mr. J. A. Reed: There is nothing new about that.

Hon. Mr. Welch: At this stage of the game, the projects they have in mind are outside their municipality.

Mr. J.A. Reed: So are some of their other projects.

Hon. Mr. Welch: That is right.

Mr. J.A. Reed: There is nothing new about that.

Hon. Mr. Welch: But there are some feelings on the part of those other municipalities that they are not maybe as anxious to support those particular matters as they were in other years.

Mr. Kerrio: We would have been well advised to keep Niagara for Niagara Falls and sell the power to the rest of Ontario.

Hon. Mr. Welch: I think that particular municipal utility is giving some thought as to all the implications that are involved in their current plans and weighing all those matters at the present time.

Mr. Chairman: We are expecting a bell in about a minute. Mr. Riddell, do you wish to begin?

Mr. Riddell: I do not know whether we have much time because I may be a little more provocative than some of the other members here. I am certainly not going to be as kind as the member for Lake Nipigon (Mr. Stokes). It is not my nature to be kind, particularly to Tories and particularly since the last campaign, but I shall rest my case here.

I personally do not feel that the Ontario Energy Corporation is as effective as it could be, by virtue of the fact that I consider the complete control is being exercised by the president of that corporation, that president being the deputy minister. With this kind of control, I believe the corporation feels hemmed in and therefore not able to do the job we would like to see it do. I

think a lot of the decisions that are made are political decisions, and here again I have to say I think that this is coming from the top.

We talked about morality within the staff.

An hon. member: Morale.

Mr. Riddell: Morale. We talked about morale in the staff.

Hon. Mr. Welch: You see what happens when Mr. Reed uses the word "incestuous."

Mr. Foulds: I happen to think the Liberals are on a strange kick, what with the leader's questions this afternoon, talking about houses of ill repute and one thing and another.

Mr. Riddell: I think there is low morale within the staff.

Mr. J. M. Johnson: I will go and get a bell.

Mr. Riddell: I think a lot of talent has come and gone within the ministry. I am just wondering if there is not a little game of divide and conquer being played. Here again, it may be my cynical mind that makes me mention that.

Reference was made to Dr. Rowe. I believe one of Dr. Rowe's functions was to chair a joint energy conservation committee which I believe was established in 1977 and which consisted of ministry people, Ontario Municipal Electrical Association people and perhaps others in the industry. Since Dr. Rowe has left, it is my understanding this committee is no longer active. I happened to be speaking to an OMEA group last night. They expressed some concern about the inactivity of this committee, which they thought was a good thing while it was functioning and while Dr. Rowe was the chairman. I wonder if the minister might comment on that.

Hon. Mr. Welch: Mr. Riddell, two or three things: First, are you sure you are talking about OMEA or are you talking about ACRO, the Association of Counties and Regions of Ontario?

Mr. Riddell: It was brought up by OMEA people last night at the meeting, and I just assumed that was the case.

Hon. Mr. Welch: We do have a committee with ACRO and are working with them from an overall provincial point of view on energy conservation matters. I spoke to ACRO at its last convention, at which time we announced the municipal energy audit program and so on. I would be glad to get some further information and perhaps we could talk about that. There could be somebody who is a member of ACRO who is a member of the OMEA as well.

Mr. Riddell: It could well be ACRO now that you mention it. The chap that brought it to my attention was Ed Blake from London.

Hon. Mr. Welch: I have no reason to believe that is not active. May I just make this one observation? In fairness, as you know, the affairs of the Ontario Energy Corporation are controlled by a board. There is a board of directors.

Mr. Riddell: There is also somebody at the top, a little lower than the person you are looking at.

Mr. Chairman: We have about two minutes. Could we have agreement on vote 2001? If there is anything there you wish to pursue, Mr. Riddell, or could we pursue it under another vote? Could we have agreement on vote 2001?

Mr. Foulds: I have one question specifically on item 4, if you want to carry the first three items.

Vote 2001, items 1 to 3, inclusive, agreed to.

Hon. Mr. Welch: Will we start with item four on Tuesday night?.

Mr. Chairman: Yes. Can I just ask your indulgence for 30 seconds more? I understand

that the House leaders and the whips have asked our committee—and obviously we do not have time tonight—to discuss how we may wish to proceed with the human rights bill. I have this from the House leader. Is there any objection to meeting earlier on Tuesday night to deal with this, perhaps at 7:30?

Mr. J. A. Reed: Not by me, Mr. Chairman.

Mr. Chairman: Any objections?

Agreed.

Mr. Chairman: It is just a timetable to consider how we would deal with the human rights legislation.

Mr. J. A. Reed: That will allow Mr. Foulds to ask his question and we can vote at that time. Is that it?

Mr. Chairman: No. This is to deal with how the committee will proceed with the human rights bill. We will meet at 7:30 for that purpose and at eight o'clock we will resume consideration of the estimates.

The committee adjourned at 10:30 p.m.

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From the Ministry of Energy:

Rowan, M., Deputy Minister



Ontario

No. R-2

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Energy



First Session, Thirty-Second Parliament
Tuesday, May 26, 1981

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday, May 26, 1981

The committee met at 8:04 p.m. in room No. 228.

ESTIMATES, MINISTRY OF ENERGY (continued)

Mr. Chairman: I call the meeting to order. I would like to thank the committee on the record for its indulgence about the 7:30 meeting. I was informed that it is not usual practice, but I think our having the meeting does indicate the entire committee's desire to proceed with Bill 7. I thank you for that co-operation.

We left off the Energy estimates with an indication from Mr. Foulds that he wished to spend a very brief amount of time on item 4, vote 2001.

On vote 2001, ministry administration program; item 4, information services:

Mr. Foulds: Mr. Chairman, I just noticed that there is \$1.5 million for information services in this ministry, which is a considerable amount of money, in my view. I think members of the Legislature know some of my views about some of the advertising that has been done by this ministry in the past. I have four basic questions I want to raise.

First of all, where is the money pulled from in this new activity? Is it just an add-on? If so, where did the money come from in past years for information services for this ministry? Is the ministry going to continue this coming year with the "preserve it, conserve it" advertising? How much of that is in this item here?

I guess the basic question I want to ask is how does the ministry determine, in a new activity such as this, that it is going to spend \$1.5 million on information services? Who comes to that decision? How is it put together? Is it a new activity? Why do you need so much? How much is information and how much is propaganda?

Hon. Mr. Welch: Mr. Chairman, before I rush to reply to those four questions, may I, as the minister, indicate at the outset how pleased I am to see so many members of the staff who have voluntarily come out this evening to hear this discussion. I say that quite sincerely. No one is more surprised than the deputy and me.

They are very anxious to hear your treatment of the next two votes. To think they did this on

their own time; I appreciate that very much and I want to say that and put it on the record. It shows you something of the morale and the spirit of the ministry.

There were four questions and they were asked in a very straightforward way, and I will try to answer them in the same way.

First, it is not a new activity. In other years, the information dimensions of each particular section have been recorded there. All we have done for these estimates is pull them together. It is not a new activity.

The second question was whether or not we were going to proceed with the important theme messages that we have been developing. The answer is yes.

Third, I repeat that it is not a new activity. That question is answered by the answer to number one.

Why do we spend what we spend? Because we have a very important message to share with the people of Ontario.

Mr. Foulds: How much is being spent this coming year in advertising such as the "Preserve it, conserve it" type?

Hon. Mr. Welch: That comes under another vote. That is not part of this vote.

Mr. Foulds: You mean you are spending \$1.5 million on press releases and staff costs?

Hon. Mr. Welch: General information, pamphlets—

Mr. Foulds: And you are spending additional money on the public propaganda program?

Hon. Mr. Welch: The total communications budget in this vote is \$1,464,900. We have that broken down into information services, just a little more than half a million dollars, and creative services, correspondence and communications planning. It is all accounted for here.

Mr. Foulds: What are creative services?

Hon. Mr. Welch: That is artwork and displays going to exhibitions, to the home show or the Ryerson energy exposition.

Mr. Foulds: Okay. I have been through the estimates book fairly carefully, Mr. Minister. Where do I get my crack at what you spend on this?

Hon. Mr. Welch: I think it is in the third vote, is it not?

Mr. Foulds: The third vote?

Hon. Mr. Welch: The conservation vote.

Mr. Foulds: What you are telling me is that hidden in each of the individual votes we will be coming to this evening is additional money for advertising.

Hon. Mr. Welch: No. I think "hidden" is a very unfortunate word to use there.

Mr. Foulds: Embedded.

Hon. Mr. Welch: First, as I told you, we have pulled out all the information. The conservation program includes a public information dimension and it is, therefore, part of our conservation program. It is not a hidden item.

Mr. Stokes: It's just obscure.

Mr. Foulds: I do not see it in my book. Is that it on pages eight and nine?

Hon. Mr. Welch: When we get to that particular vote, we will tell you how we are going to spend that money, including money for public information.

Mr. Foulds: Fine. While I have the minister here on administration, who makes the decision about how much you spend on advertising—aside from the flip answer you gave me?

Hon. Mr. Welch: It was not a flip answer.

Mr. Foulds: It was.

Hon. Mr. Welch: I take exception to that.

Mr. Foulds: Well, \$1.5 million—

Hon. Mr. Welch: I think an answer goes with the type of question, and one has to put the question and the answer together before one prejudges the answer.

Mr. Foulds: The question is a very serious one.

Hon. Mr. Welch: That is right.

Mr. Foulds: How do you make the decision?

Hon. Mr. Welch: What we have to do is assess exactly the role and the function of the ministry and the type of information the public is entitled to have, and weigh all that with regard to the overall programs of the ministry. Then the ministry goes forward in the usual budgetary process to make its position known before Management Board of Cabinet in relation to other ministries and their priorities. Then we come to some conclusion as to the amount that would be justified for that particular aspect of our program.

8:10 p.m.

I think our program is very information-oriented, Mr. Chairman, and to Mr. Foulds through you. It is a very important part of the program to get information out. In fact, I do not know just how familiar the honourable member is with all the material we print.

I think it is important to make a distinction between your preoccupation with the conservation-based program, about which we can have some conversation when we come to that vote, and what I call the general information services of the ministry, which is this item. This is no different to what we have been doing for years, except that we put it all together in one place here.

Mr. Foulds: It would appear that this ministry spends as much as, if not more than, any other ministry on this item and related services.

Hon. Mr. Welch: I cannot comment on that, but I think it is a matter of fact that could be determined. The important thing is that you have to take each ministry and give some consideration to what you see as the important emphases in so far as their responsibilities are concerned. I think it is a fairly important part of this ministry to be out at exhibitions, for instance, to be out with the literature and the other aspects of our information program. I see my role as minister involving the acceptance of numerous invitations to meetings and to talk about our programs. It is all part of the dissemination of information.

Mr. J. A. Reed: Mr. Minister, how much of this money you have put down for information services would you have taken out of some of these other votes, conservation and so on, after this was printed?

Hon. Mr. Welch: Actually the answer to that is none, if I understand your question.

Mr. J. A. Reed: Have you not cut any budgets in some of these other sections?

Hon. Mr. Welch: Not in this item, but it may well be that we have had to modify some items.

Mr. J. A. Reed: In the conservation and/or renewable energy votes? The question I am asking is, is this figure accurate? Is this what you intend to spend, \$1.261 million, or have you enlarged it or cut it since this book was printed?

Hon. Mr. Welch: Mr. Chairman, I think the honourable member is referring to last year's estimates. We are asking this committee to recommend to the Legislature approval of \$1,464,900.

Mr. J. A. Reed: Sorry. Okay. Is that money gained from transferring reduced amounts from other sections of this ministry?

Hon. Mr. Welch: What I pointed out in answer to the question of the member for Port Arthur was that in other years the information function was broken down into various sections. It is my understanding what we have done this year is bring it all together to identify it in this vote.

We could give you a breakdown. Mr. Rowan, would you like to share that?

Mr. Rowan: The majority of that money, the \$1.4 million, was obtained as follows: from the budget of the deputy minister's office—

Mr. J. A. Reed: He took a cut in salary, did he?

Mr. Rowan: —\$139,000; from the renewable energies group within the ministry, \$417,000—

Mr. J. A. Reed: You cut the renewable energy budget by \$417,000 in order—

Hon. Mr. Welch: We are answering your question, Mr. Reed.

Mr. J. A. Reed: Yes, I know.

Hon. Mr. Welch: We are identifying the information portion of those various votes. In the renewable energy vote there would have been so much for information, but instead of leaving it there we brought it together and put it all together in this particular item. The deputy is sharing with you the amounts. I thought that is what you wanted to know.

Mr. J. A. Reed: Okay. That much out of renewables went into propaganda then.

Hon. Mr. Welch: Information.

Mr. J. A. Reed: As you wish. Okay.

Mr. Foulds: How much has been spent to date?

Hon. Mr. Welch: How much of that \$1.4 million? Oh, golly.

Mr. Rowan: Divided by 12 is the usual rule of thumb.

Mr. Foulds: But there was an unusual sum at the beginning of the fiscal year.

Hon. Mr. Welch: No. The fiscal year starts on April 1. I do not know what the honourable member means.

Mr. Foulds: Are you going to ask for supplementaries for last year?

Hon. Mr. Welch: No, we were right on target for the last fiscal year, we came in right on target.

Item 4 agreed to.

Vote 2001 agreed to.

Mr. Sweeney: Even the parliamentary assistant is having trouble swallowing that one.

On vote 2002, conventional energy program:

Mr. J. A. Reed: Mr. Minister, on the subject of the supply of propane I would like to know what steps your ministry is taking or is prepared to take in order to control what may turn out to be a cartel or a monopoly in propane in Ontario. I would be interested in knowing how many companies are involved in propane distribution, which has the lion's share and how they divide their territories.

Hon. Mr. Welch: Would you like to share some of that information?

Mr. Rowan: First of all, Mr. Chairman, I think the question that related to monopoly, if I understand the question correctly—

Mr. J. A. Reed: The danger of monopoly.

Mr. Rowan: —the danger of monopoly—would be something which would come under the Combines Investigation Act, which is federal legislation.

Mr. MacDonald: There is no allocation of areas.

Mr. Rowan: There is no allocation of areas for distribution. There are a number of companies, privately owned companies, in the propane business. As you know, propane is produced by the processing of natural gas and through the refining of crude oil.

Seventy-five per cent of the production of propane comes from natural gas production, most of which is taken out of the system, if you will, in western Canada, mainly Alberta, and transported by the Cochin pipeline through to Sarnia. The remainder, or a large part of the remainder, is taken out of the refining process at Sarnia by the Ontario based refining operations.

Mr. J. A. Reed: Who are the players?

Mr. Rowan: The main player in the production of natural gas produced propane is Dome Petroleum.

Mr. J. A. Reed: Translated to Ontario in terms of distribution is really what I—

Mr. Rowan: In distribution you have companies like Superior—

Mr. J. A. Reed: Who owns Superior?

Mr. Rowan: My understanding is that it is a company owned by Gulf Oil. Monarch is another company.

Mr. J. A. Reed: Who owns Monarch?

Mr. Rowan: I cannot give you the share ownership of that company. Then you have companies like Inter-City Gas which, as you know, has initiated a series of service station type operations for the fuelling of propane vehicles across the province.

As you can see from Ontario Energy Review, a copy of which you have, on page 17 there is a chart which identifies the propane supply and demand, where propane is drawn from and how it is distributed by industry, through the petrochemical industry to distributor sales and exports. On page 18 you will see in figure 20 the bulk propane distribution terminals in Ontario.

8:20 p.m.

Mr. J. A. Reed: How are they divided? Who has the bulk of them? Are they divided among three companies?

Mr. Rowan: I cannot give you the exact numbers as to the market share, but it is clear that a few companies, Superior and Monarch, are the largest distributors of propane.

Mr. J. A. Reed: Do you have any concern at all in terms of the distribution system in which your government is participating that the distribution system will find itself confined to a very few hands?

Mr. Rowan: I am not sure that is necessarily the major concern we have with propane. About a year ago when the federal government was making some statements with respect to the need to get off oil and the substitution potential which existed through natural gas and through the use of alternative fuels, you may recall the Minister of Energy announced that he had had discussions with the federal Minister of Energy, Mines and Resources in order to devise a way in which those areas in the province which did not have access to natural gas might have access to propane at a price which was comparable to that of natural gas.

There were some discussions with the federal government prior to the announcement of the national energy program where we urged the federal government to structure the rules of the game, if you will, to devise an administered price system similar to the administered price system that we have for natural gas where those people who were dependent upon fossil fuels for heating and cooking, and lighting in some cases, could have comparable access to an alternative

to oil at a price which was reasonably competitive with that of natural gas.

The federal government did not see fit to include that in their new policy now known as the national energy program. We were very disappointed when that happened. Subsequent discussions with the federal government have suggested to us that they are somewhat concerned with the tracking of the price of propane with the price of oil.

Mr. J. A. Reed: That is precisely why I raised this question.

Mr. Rowan: Yes. Their concern is one which we suggest is located not necessarily at the distribution level but at the field level and the way in which the price of propane is established for the domestic market, keeping in mind that something in the order of 65 to 75 per cent of the propane produced in Canada is exported. So we have a surplus in this country and domestic propane is priced at a lower level than exports but, that notwithstanding, the price of domestically sold propane has tended to track the price of oil.

The federal officials we have spoken to have indicated that they have had some conversations with the petroleum industry along these lines. We are not privy to the precise nature of those conversations, but this suggests to us they would like to see the price of propane lower than it is right now. Keep in mind they had an opportunity to do it but they did not do it in the national energy program.

Mr. J. A. Reed: What can you do in Ontario to make sure that competition is encouraged on a free and open basis, bearing in mind the concern, that I am sure we all share, that as propane usage increases so does dependency on the fuel, on the subject at hand, and therefore the greater the chance of either perpetuating this tracking mechanism or injecting something else that might ensure that propane stays fractionally below the price of other hydrocarbons, but not necessarily relative to its real value in the marketplace?

What can you do in Ontario to ensure that there is as much open competition as possible in the marketing of propane?

Hon. Mr. Welch: If the question is directed specifically to the area of competition, then of course the honourable member knows that is the jurisdiction of the government of Canada and, indeed, I assume would be monitored by officials of—what is the name of that act?

Mr. J. A. Reed: But you have certain powers to legislate in terms of franchise legislation, in terms of competition; the provincial government has.

Hon. Mr. Welch: But I am not aware of any franchises.

Mr. J. A. Reed: Not that you ever have used it, but you do have the power.

Hon. Mr. Welch: I thought the honourable member was speaking directly to the question of ensuring competition in the marketplace.

Mr. J. A. Reed: Free and open competition that cannot readily be manipulated by, for instance, supply from a company.

Hon. Mr. Welch: I understand.

Mr. J. A. Reed: It is an area of concern that simply does not have a high profile now because we do not have very many vehicles operating on propane.

Hon. Mr. Welch: It is a good thing to flag now, though.

Mr. J. A. Reed: In five years' time presumably, because the price differential is about a third lower now, there will be reason to transfer usage from gasoline and diesel fuel and one has to express the concern. You have not done it with gasoline; you do not have franchise legislation, you have let the thing float. Gasoline dealers come to me complaining about the agreements they are subjected to from time to time. Are you going to let the same thing happen with propane?

Hon. Mr. Welch: I think the question makes a great deal of sense and under the circumstances I think we would have to rely at this stage on the regulations that flow from the federal competition legislation. About a week or so ago, I met with the independent petroleum dealers and found that, because of their monitoring of the general situation, they are now exploring the possibilities of getting involved in the distribution system as far as propane is concerned. No one at that meeting expressed any concerns along the lines you mention.

Mr. J. A. Reed: No one from the petroleum marketers' association expressed franchise problems?

Hon. Mr. Welch: I am talking about propane now. You are jumping from propane to—

Mr. J. A. Reed: Okay. From the same point of view, in the very near future the volume of distribution will be of sufficient concern, and it concerns me that if we are not cognizant of that now and if we do not flag it now, we are going to

be in trouble two or three years down the line.
8:30 p.m.

Hon. Mr. Welch: That is the spirit in which I am responding to the honourable member. I think your concerns have been noted in an anticipatory way. At this early stage there does not appear to be any evidence, but on the other hand, as you have warned, perhaps that will not be the case some years down the line. So, we should be taking that into account now as we watch that particular matter develop.

With regard to the drive propane program, I do not know whether this is the subject matter on any interministerial committees or not.

Mr. J. A. Reed: I have just one other question, which relates to fossil hydrocarbons and—

Mr. Sweeney: If you are you going to pass propane, I have a supplementary on that.

When the ministry decided to push propane as an alternative fuel, to what extent was it concerned about the issues that my colleague has raised about whether or not the western province which apparently controls 75 per cent of it could use the demand in eastern Canada as a pricing mechanism?

Hon. Mr. Welch: You have to keep in mind, as a matter of information in this initial stage, that the principal emphasis now is on fleet operations and that the fleet owner would be putting in his own tanks and looking after his own supply.

Mr. Sweeney: But surely, Mr. Minister, that is stage one.

Hon. Mr. Welch: I know. I am responding to it in stage one, which is where we are at the moment.

I think you are saying if this is to develop subject to what success the drive propane program has. I believe you heard the deputy minister state that Inter-City Gas are now giving serious consideration to the development of a distribution system as well as a servicing system. However, in response to your supplementary question, I am not aware there has been very much concern expressed at this particular stage.

Mr. Sweeney: But the sideward thrust of that question is, when you were deciding to embark on this kind of a promotional program, to what extent did your ministry take into consideration the pricing and the distribution? Or was your ministry concerned almost solely with the concept of an alternative fuel regardless of price and distribution?

Hon. Mr. Welch: Oh no. I do not think that one could go into that without taking into account the economics.

Mr. Sweeney: That is what I am looking for. What steps did you go through?

Hon. Mr. Welch: At this stage, for the foreseeable future we really see the use of this particular alternative as part of the fleet operation. The problems to be faced by the individual through the traditional distribution system may be a bit down the way.

Mr. J. A. Reed: I want to convert my own truck on the farm this summer and I do not have a fleet. I am just an individual and there must be thousands like me.

Hon. Mr. Welch: I draw your attention to page 26 of the book entitled *Alternative Transportation Fuels for Ontario: Policy and Strategy*. You can see the propane processing and distribution in Ontario set out there in chart form.

Mr. Sweeney: Excuse me for pressing, but I am still not sure, Mr. Minister, of the degree to which—

Hon. Mr. Welch: I will ask Dr. Bunli Yang to come up. I think perhaps it would be easier to respond to this now, even though we are faced with the fact that this could be, technically, another vote.

We are talking about the availability of propane, Bunli. I think the question is relevant and that we should stick with it until the member is satisfied that we have taken these particular questions into account.

Mr. Chairman: Would you identify yourself to the committee, please?

Dr. Yang: My name is Bunli Yang. I am the senior adviser for the transportation and urban development industry.

Hon. Mr. Welch: Dr. Yang represents our ministry, along with the Ministry of Transportation and Communications, in this whole drive propane program, and I think it is important that he comment on the concerns expressed.

Mr. Sweeney: To the chairman, the minister and Dr. Yang: My concern is that five years down the line we do not find ourselves caught in a series of circumstances which we might be able to anticipate right now—such as those we have been caught in on other energy questions.

The minister has the drive propane program in mind first of all for fleet operators. But as my colleague has said several times, sooner than a lot of us think, private automobile owners are

going to want switch over as the differential between the fuels grows. In fact, even if the differential remains at a third, the actual difference in cost is going to grow.

To what extent, as part of that process, are you taking into consideration that, as we have just heard, 75 per cent of the supply is now controlled by the same people who control oil and gasoline, et cetera? To what extent is the distribution question being considered? How is the whole thing put together as a forward-looking package? Have any arrangements been made with anybody?

Dr. Yang: I should like to respond to that by referring to the alternative transportation fuels program, in which we have outlined that there are both supply and utilization questions. In order to get any alternative fuel into practice, to have it used and supplied in Ontario, one has to work on both ends of the problem.

In the case of propane and natural gas, which undeniably would be controlled, primarily, outside of Ontario's borders, as good Canadians we are saying our understanding is that there are ample supplies of both of those fuels today. That is not so with oil, which we import already in fairly substantial quantities.

As supplies are adequate now and for the foreseeable future, say up to at least 10 years, we would be looking to beef up the utilization systems in the early stages. You do not see very many propane or natural gas propelled trucks or vehicles. This is not because the supply is not there at the moment, but because the utilization infrastructure is not there. We do not have the automobiles, we do not have the service stations and we do not have storage mechanisms for some of these fuels.

The alternative transportation fuels program has been based on a fairly detailed analysis of staging both the supply and utilization sides. In announcing the program we said, certainly for propane, our target is roughly 40,000 vehicles by 1985. That creates a very small dent in the available supplies, but it can make a very big difference in terms of utilization here in Ontario.

Mr. J. A. Reed: You and I were at the Ford Motor Company demonstration last week, where cars and trucks were operating on propane and other alternative fuels. Ford told us that they would be producing Granadas which would be ready for sale in Ontario this fall. While they equipped Granadas for propane primarily for use as taxis, they said they also would be generally available to the public.

One must be aware that while propane is a third cheaper than gasoline at the present time, it will not take long before a message gets through to the consumers, who are paying gasoline and diesel taxes on an ad valorem basis now in Ontario. While it may be too much to expect that propane will never be taxed, it may be a while before the government imposes such a tax—it did it with some delay with diesel—so there will be an understandable incentive for a consumer, and even a humble dirt farmer like myself to convert—

Mr. Havrot: That is good.

Mr. Sweeney: He is nothing if not humble.

8:40 p.m.

Mr. J. A. Reed: —an existing vehicle, at somewhat less efficiency, to take advantage of the perceived lower cost.

The message we are trying to get across is, if you are going to do anything about dealerships, franchises—the marketing of the product—do it now. Don't wait until 1985 or 1986 when an obvious problem arises; when you see the same situation exist among propane retailers as now exists among lessee dealers, for instance.

You know the problems they are bringing to the attention of the government and the opposition because we do not have franchise legislation in place. There are all sorts of problems in that kind of marketing. We are trying to say that if propane is going to have a place, the place we think it will have, then it is time to prepare in that area as well.

Mr. Chairman: Mr. Reed, you have probably made your point.

Mr. Havrot: I have a supplementary point to make on Mr. Reed's question about the distribution of propane gas. We have a propane distributor in our area who is the present gasoline and fuel oil distributor. I think that is the only logical way it can be done. You could not set up an independent propane distributor and expect him to make a living.

Mr. J. A. Reed: No one is suggesting that. I am asking that we do not allow the same system to occur with lessee dealers of propane that now exists with gasoline lessee dealers.

Mr. Havrot: Let's say that a Shell distributor sets up a propane distributorship. How do you control that?

Mr. J. A. Reed: Get some legislation in place on some franchises.

Mr. Havrot: If it comes from his own company and it ties in with his operation?

Mr. J. A. Reed: Get some legislation in place on franchises.

Mr. Havrot: How?

Mr. J. A. Reed: It's easy. The minister knows that.

Mr. Havrot: I think the marketplace will find its own level as regards pricing of propane gas.

Mr. MacDonald: Not if it is controlled by the oil companies.

Mr. Chairman: We have spent considerable time on this.

Mr. J. A. Reed: I have only one other question.

Mr. Chairman: Perhaps it would be in order to go to Mr. Foulds. We could come back and finish your time, if this is agreeable to you.

Mr. J. A. Reed: That will be fine.

Mr. Foulds: I am deferring to Mr. Stokes.

Mr. Stokes: Thank you, Mr. Chairman. There are several disparate matters that I want to bring up under vote 2002. But first I want to say I notice the amount for legal services is pretty high.

I have had some discussion with you, Mr. Minister, and some people in your ministry about a proper interpretation of the Public Utilities Act and what was the responsibility of company owned and operated utilities in Ontario. I appreciate the response I got from your ministry and sent it on.

However, I think the company in question could find some way of circumventing the act if it wished to do so. Is it the responsibility of the individual to take someone to court under the Public Utilities Act, or would the crown intercede if it were found that there had been a violation?

Hon. Mr. Welch: Perhaps my friend will give me some examples.

Mr. Stokes: It concerns section 55 of the act. A company owned utility found the system was getting run down and that it would require quite a large expenditure to correct that situation. So, it was going to turn it over to Ontario Hydro to upgrade and to bring up to standard or dump it on the municipality.

The company is a power customer. It creates a lot of its own power inhouse by burning wood wastes, but it has a tie-in with Ontario Hydro in the event it should run short.

Since you people are saying, "Live better electrically," that is what the people in Marathon would like to do. The company owned utility is saying, "No, we just do not have the

capacity and we would have to spend a considerable amount of money on upgrading the line and installing new transformers. We're sorry. We will do it for our own houses, but we cannot do it for anyone else's."

My reading of section 55 of the act says they must do it unless they have a very compelling reason why they cannot. Your ministry agrees with me. Now where do we go from here?

Hon. Mr. Welch: I am not accustomed to giving legal opinions as part of these estimates.

Mr. Stokes: I thought you were a lawyer.

Hon. Mr. Welch: Well, I have not practised for some time. If our legal advisers indicate that according to their interpretation of that section there is some obligation, then perhaps we have some obligation at least to give some consideration as to how that might be enforced.

Mr. Stokes: It is the responsibility of this ministry to enforce the Public Utilities Act. Is that right?

Hon. Mr. Welch: No. That is the responsibility of the Ministry of Intergovernmental Affairs, I am advised.

Mr. Stokes: I will go on to the next one then.

Hon. Mr. Welch: I would be very happy to follow up on that with the honourable member, Mr. Chairman, because if it has reached that particular point, perhaps we should do that.

Mr. Stokes: I appreciate the response I got from your people and I just wanted to take the opportunity to thank you and to have you reiterate that what you said was in fact the proper way to go.

Hon. Mr. Welch: You understand that I am somewhat reluctant to appear boastful in that regard. All I want to indicate is that if you think we can be helpful by bringing in Intergovernmental Affairs, now that it has reached the stage of considering action, I would be very happy to follow that up.

Mr. Stokes: Thank you. You have a publication out in which you talk about microhydro power. Mr. Reed mentioned it the last time we met. I would like to advance that to yet another new generation technology with which you and I are very familiar, Leroy-Somer in Angoulême down in the cognac country in France. They have some excellent technology, as well as their beverages.

Hon. Mr. Welch: You realize Ontario has its brandy too.

Mr. Stokes: It didn't go up in price.

Interjections.

Mr. Stokes: All right. I notice in your publications you mention microsites and minisites. We are getting very impatient in the remote north of this province. As you well know, in Fort Severn on the shores of Hudson Bay, they are paying about \$4 a gallon for fuel oil, and that is the only source of electric energy. We were not too badly off when the barge was running out of Moosonee and up the coast to Fort Albany, Attawapiskat, Winisk and Fort Severn. Now we do not have that mode of transportation. All of the fuel oil has to be flown in and it is becoming extremely expensive, not only to purchase the oil but to fly it in there.

I have had an ongoing dialogue with at least five Ministers of Energy, back to the first one, about using our ingenuity, our technological know-how, to come up with wind energy. That went along fine and finally we sold that idea. What did they do? They set up a project on the Toronto Islands. They tested the technology there for a year and a half and they said, "We think it is great to have this hybrid system." It uses a wind energy generator and a diesel generator, and they refer to it as a hybrid system.

Then what did the technocrats from Toronto and environs and Ottawa and environs do? They set one up for about \$600,000 in Sudbury. Your last correspondence leads me to believe that might—just might—be operational by October, while the cost of conventional fuel oil continues to escalate in the northern part of this province.

8:50 p.m.

We have come up with another idea. You know that we have been talking about these immersible generators. We have one of the largest rivers in Ontario, certainly in northern Ontario, flowing north into Hudson Bay. We have a good headwater. The conditions seem to be ideal to at least experiment with these immersible generators.

I promised the people in the north, who are very concerned about this, that I would raise it at this time. They have long since despaired of having a wind energy system, or at least a hybrid system, up in that part of the province. We have lost our credibility in trying to sell that technology to our first citizens up there. What about the Hydrolec or the immersible generator? The condition seems to be ideal. You have never had a better opportunity for practical application of this new technology, particularly in an area where fossil fuels are priced out of reach.

Hon. Mr. Welch: That does provide us with

an opportunity to talk about the microhydro demonstration program in which we are presently involved. Perhaps the deputy could give a report on where we are in regard to the proposals we have invited.

Mr. Rowan: What we are attempting to do is demonstrate microhydro technology to individuals who have an interest in installing this kind of equipment and also to provide a test of the equipment from a range of manufacturers of microhydro generating equipment.

As to the scope of the program right now, we hope to have four sites chosen with the head, if you use that term, between eight feet and 50 feet, which would put out about 10 to 80 kilowatts of electricity. Each site we look at will have to have an existing dam. That may be a problem in some locations because there may not be a dam already constructed. At some sites a new penstock and powerhouse will be required, along with the installation of the turbine. They may also require the generator and controls, and probably will. The electrical output will be used either at the site or fed into the local Hydro distribution system.

The funding for each project will be provided by the Ministry of Energy. We are hoping to get some cost-sharing, where that is possible, and our funding will have a maximum amount. The manufacturers with whom we will be dealing will normally provide the project management for the demonstration, and the ministry and Ontario Hydro will provide any additional technical backup that is required.

The demonstration period is over the next two years. We hope the units will be permanently installed. The intention is to have them produce useful power for at least 20 years. The maintenance of the equipment will be the responsibility of the manufacturer during the warranty period. Subsequently, that maintenance responsibility will fall to the owner of the microhydro unit. As I indicated, the manufacturer will provide a two-year warranty.

Site selection will be the responsibility of the manufacturers, subject to the site recommendations of the Ministry of Energy and the site criteria that have been developed. Each of the four manufacturers with whom we are working will choose a site it feels is most appropriate for its kind of equipment. Both the Ministry of Energy and the manufacturer will enter into an agreement with the owner of the site who could be, for example, a conservation authority.

To quickly go through the site criteria, one essential criterion is that good public access

should be available so that members of the public who want to visit the site to see what is going on can actually view the works. The demonstration will be close to the use to which the power is to be put or to the distribution line. We do not want to get into great expense if we can avoid it with transmission or distribution lines.

Site development must be possible, with no major construction work on a dam or a disturbance to the stream. The flow at the site should be such that some power can be produced every month of the year. We have to be very careful where we locate these demonstrations. The site must be owned by a party who is willing and able to ensure that the equipment will be operated and maintained for at least 20 years. As I said earlier, the power output must be between five kilowatts and 80 kilowatts.

Those are what we consider to be the essential criteria. The desirable criteria are that there be an existing powerhouse and penstock and that at least one of the sites be in northern Ontario. We stipulated that to the manufacturers.

Mr. Stokes: Like north of the French River.

Mr. Rowan: As I indicated, the manufacturers themselves will be selecting the sites, but we have indicated that at least one of them must be there.

Mr. Stokes: Will you amend that to say that one of the them has to be north of the fiftieth parallel?

Mr. Rowan, with respect, with regard to all of the criteria you are talking about—for example, close to a transmission line—forgive me, there are not very many transmission lines up on Hudson Bay. There are not many roads or opportunities for people to go to view the operation.

Three hundred native people live up there who do not have any power. I will tell you who is paying for the cost of power up there. It is our own Ministry of Natural Resources and our own Ministry of Transportation and Communications. We pay to run the airport up there and the federal Department of Indian Affairs and Northern Development to operate the schools. The Hudson's Bay Company operates the store. Nobody else has any power unless he burns naphtha gas in Coleman lamps at \$9 a litre. I am not kidding you. That is the situation. That is why it disturbs me.

As I said, I have spoken to five Ministers of Energy about this and everybody laments with

me, rubs his hands, anguishes and agonizes and everything else, but I do not seem to be getting anywhere.

I talked about wind energy. I can show you some documents. Is there a Dr. Higgin in the room?

Hon. Mr. Welch: Yes. Will the real Dr. Higgin please stand up?

Mr. Stokes: Greetings. I have had dialogues in person, and over the phone and in writing with Dr. Higgin, and he agrees with everything I say.

Mr. Foulds: Not everything.

Mr. Stokes: Well, with regard to the needs of the north.

I actually have a document that shows the constant wind velocities in strategic places in the north. Fort Severn has the highest constant wind velocity of any place in Ontario. Don't take my word for it; take Dr. Higgin's word for it. Five years later, after a demonstration model on the Toronto Islands, we are now going to get one in Sudbury. I have two colleagues who come from Sudbury, and there is plenty of wind there, but it is not the kind I need to help the people at Fort Severn.

Maybe Dr. Higgin could tell me how long it is going to take to get a wind-generating capacity, even of the hybrid variety, up there where fuel oil is selling for \$4 a gallon. You people, you and I, the taxpayers, whether we are federal or provincial taxpayers, are paying the shot to keep the limited utilities. The native people, who are my responsibility, do not have any power.

9 p.m.

You start talking about penstocks and everything else. All we have is a river with a flow of seven to eight miles per hour. We have the highest constant wind velocity of any place in Ontario, and with all our technological know-how and our expertise we do not know what to do with it.

Hon. Mr. Welch: Mr. Chairman, I think these points should be commented on. Maybe Dr. Higgin would like to take a position at the table while I offer one or two comments. I think the honourable member is making some reference to what might ultimately be the solution to the problems he has enumerated. What we are talking about here are some projects to do some research, as I see it, with respect to the technology and the technique.

Mr. Stokes: But why don't you do it where it has practical application?

Hon. Mr. Welch: The point is that this does not preclude its application in all parts of the province that are relevant. I am not trying to be provocative or argue against your particular point. What we are saying is that accessibility and the locale might dictate a certain location from the standpoint of getting the demonstration project going before it is applied in some sections of the province where practical application would be obvious.

Perhaps Dr. Higgin can respond to your particular concerns in so far as the wind generation project is concerned.

Mr. J. A. Reed: With great respect, I cannot stand that kind of response.

Dr. Higgin: As the minister said, there are really two issues here which are not necessarily the same. The provision of power to remote communities is not dependent on the use of renewable energy resources. There are means available right now to provide power, but the costs are high. That goes without saying. Our purpose is to develop new technology which will help in future to reduce the costs—stabilize the costs anyway—of providing power in remote communities. The two issues have to be kept separate.

There are programs in place, and I am sure that Mr. Stokes is aware of them, whereby several communities have received electric power under funding from the federal government. There are programs and there is technology.

Mr. Stokes: If you do not have any more than a 20 amp service and if you do not use over 200 kilowatt hours a month, you get a subsidized rate that is equivalent to the rural rate. That is about one light bulb and maybe an FM radio. That's fine. But do you know what the rate is after that? Twenty-seven cents a kilowatt hour. If that is what you are offering me, thanks but no thanks.

Dr. Higgin: I am just suggesting that the two issues have to be kept separate. The issue of the development of the technology that we hope will reduce the rate and, in the long term, stabilize costs is a separate issue to the one you are raising, which is the provision of power and the rates that are charged.

My mandate is to try to develop alternatives. The other issue, I think, is perhaps more appropriately addressed by those responsible for the programs providing power and the setting up of those rate structures.

Mr. Foulds: But isn't there a danger, as Mr. Stokes points out—

Mr. Chairman: Excuse me, but Mr. Reed had a supplementary on this some time ago.

Mr. J. A. Reed: I really cannot fathom this conversation at all. We are dealing with a technology that had a very high degree of sophistication in the year 1900, but the minister is sitting here talking about research and development which is all very well.

Since 1900 we have raised the efficiency of turbines from 83 per cent to 91 per cent or 92 per cent, and the Chinese have raised them a little bit higher. If you want to read translations of some Russian research, you can get them up even a little bit more. But, by God, the technology has been with us since the turn of the century. It is highly sophisticated and it is all in place if we are talking about hydraulic power.

All Mr. Stokes is asking is that the government get off its backside and commit itself to applying this technology. Some time in the future I might contemplate resigning from this job and I will come up and see him and we will put some in and make them work. It is no big deal. Anyone can do it.

Hon. Mr. Welch: Could you write that into our proposal?

Mr. J. A. Reed: Sure you can do it. While we are at it, we will talk to Indian Affairs in Ottawa because they have to finance it. I will get some money. I have talked to the National Research Council and I am getting the same gobbledegook over there as I am here. It is a ludicrous conversation to talk about research and development when they need energy in the north and they have a river running through there. The technology has been in place since Jesus was a boy. It is really ridiculous.

What you had better do is start from where the technology is now. If you want to advance the technology, that is great. That is fine. If you want to demonstrate some micro units to some people who can put them in, that is great. No one is going to object to that. But, for heaven's sake, the potential is there and the technology is there and everyone knows what it is. Even a humble dirt farmer like me knows how to install it. It takes no particular type of sophistication to electrify a small community in northern Ontario, just a little, tiny, infinitesimal scrap of willpower.

Mr. Chairman: Let the minister respond here.

Hon. Mr. Welch: Perhaps Dr. Higgin is anxious to make one or two comments. I would be the last one who would want to take on Mr. Reed with respect to this subject, because—I do say this quite sincerely—he is quite expert in it.

If this is such a great program, what Dr.

Higgin is trying to point out is that the whole matter of rural and remote electrification is not the program delivery responsibility of the Ministry of Energy. What we are talking about here is the vote of money with respect to the research and the development and the demonstration projects with respect to technology, which is the point that Dr. Higgin has reinforced in a much more scientific way.

If what you are saying has been so obvious since that great date in history, then why has this not been seized upon and done?

Mr. J. A. Reed: We are asking you.

Mr. Sweeney: That is the question.

Mr. Stokes: Let us forget about renewable and nonrenewable energy resources. Let us talk about conservation. Do you know that the Department of Indian Affairs and Northern Development operates a day school in Fort Severn—it is a very modest one—where they burn 120,000 gallons of fuel oil a year, which has to be flown in in bladders in DC-3s and 748s just to keep one day school going—120,000 gallons at \$4 a gallon. You and I directly as taxpayers are paying for that. If you do not want to do it from a point of view that we owe something to our first citizens, think of your own pocketbook.

Hon. Mr. Welch: That is not what we are talking about under this particular vote at all. Dr. Higgin, would you like to respond?

Dr. Higgin: Mr. Chairman, perhaps I could respond to a few points here. The first one is that, as Mr. Reed is probably aware, the Ministry of Energy did undertake a survey of remote railway communities as far as low-head hydro potential was concerned. This resulted in the identification of Sultan as a site for a low-head hydro unit. As you are aware, that unit is currently almost completely installed.

Mr. Foulds: Where is that?

Dr. Higgin: Sultan.

Mr. Foulds: Where is that?

Mr. Stokes: It is between Chapleau and Cartier on the CPR.

Dr. Higgin: That was one initiative that the ministry undertook within the railway communities.

Mr. Reed is probably also aware that similar surveys were completed for two communities in the remote north, Deer Lake and Sandy Lake, by Ontario Hydro. Proposals were submitted to the Department of Indian Affairs and Northern Development for low head hydro installations in those communities. There has been no approval given for those installations to proceed.

The third point I would like to make is that the Ministry of Energy at the meeting of federal-provincial officials in Regina, which was discussing the Canadian oil substitution program, strongly urged that special recognition be given to the needs of remote communities with respect to both off-oil and an insulation program for those communities where alternative sources of energy were not readily available.

9:10 p.m.

I am pleased to say that those statements, which were on the record at that meeting, have resulted in special recognition being given in the planning stages to those programs. This is currently in the early stages of planning. There is no more information available to me from the federal government, but I would point out that the federal government is giving recognition to that problem. We were the ones to raise the issue at the meeting in Regina.

Mr. Stokes: I do not want to prolong this. I know you have a limited period of time and I do not want to monopolize it.

Can I have a commitment that you will look at the concerns that I have expressed here and find an alternative to spending the hundreds of thousands of dollars that we are spending, not only in Fort Severn but in at least 11 other communities in my riding, a similar number in the north of Kenora riding and almost as many in the riding of Cochrane North? Can you put two or three people in your ministry on to this? If anybody criticizes you for being parochial, I will be the first one to come to your defence. That is where the need is the greatest. Can I have a commitment that you will study the concerns I have expressed tonight?

Hon. Mr. Welch: Yes.

Mr. Foulds: Mr. Chairman, I have a supplementary question on this that I must put because I think there is a point that should be made. There is a very real danger that the practical application of some of the new technologies will be rejected because you tried it out in the wrong places.

It seems to me the point my colleague is making should be underlined. If you are going to supply energy in whatever form to remote communities, by and large, for it to be economical it must be on site. Therefore, if you have, for example, at Fort Severn, the most ideal constant wind conditions in the province, it seems to me stupid to be experimenting in other locations because if the factors are too low in other locations you will reject that technology.

Second, in terms of the small hydraulic developments, surely it would make sense to try at least one model in the remote north—and I mean the remote north—because of the extreme weather conditions that apply there, to see how that affects the technology and what must be modified.

Mr. J. A. Reed: We already know the answer to that one.

Mr. Foulds: I wonder if Dr. Higgin would respond just briefly.

Dr. Higgin: I could respond specifically with respect to the question of the location of the wind-diesel project and Fort Severn. First, Mr. Foulds, you should be aware, as you probably are, that Ontario Hydro is undertaking wind energy monitoring now.

Mr. Stokes: But you have already done it.

Dr. Higgin: No, this is in respect to a specific site, to find a location that would be suitable for the installation of the first field unit of a wind-diesel hybrid unit.

The second thing is that one of the prime reasons in choosing Sudbury was that the wind energy profile in Sudbury is very similar to that in Fort Severn. The data we obtain in Sudbury will be transferable to Fort Severn. As you know, one of the problems with wind generators is icing, and icing is a worse problem, actually, in areas like Sudbury than in remote northern Ontario. There are other adverse weather conditions, but icing at least is a problem that is often worse in areas like Sudbury.

Mr. Stokes: Why would you do it there if the conditions are worse? Go some place where they are more favourable, like Fort Severn.

Dr. Higgin: We assessed with the National Research Council the costs and the chances of success in moving from the Toronto Islands directly to a remote community, and that assessment by the technical experts was not favourable. We did not want to have a technology demonstration which failed, as so many have failed. Therefore, I guess you could say we played it cautiously and decided to take a little extra time to go that step in Sudbury. That is really the rationale that we followed in siting the system in Sudbury.

Mr. Chairman: I would remind the committee that we have about an hour and fifteen minutes and there are two more votes. Mr. Stokes, in addition to that, I did cut Mr. Reed off earlier on in this vote. I leave it to your discretion.

Mr. Stokes: That is fair. I just want an answer as to why the province is—I will not say dragging its feet—taking so long to come up with a policy on peat and lignite?

I tramped the bogs of Onakawana in 1972 when you people said that Manalta Coal Limited was getting into it in a big way. Onakawana is still sitting there, a very important fossil fuel resource. We are no closer to developing it now, I don't think, from anything I have read, than we were then.

We have several companies trying to get a policy on peat so that they can go to the Ontario Securities Commission and go public in order to generate sufficient funds to do what you people say is the right thing to do. We cannot get the Ministry of Natural Resources and we cannot get the Ministry of Energy to come up with a peat policy. The whole thing is in limbo. I will not go any farther than that.

Mr. Rowan: Mr. Chairman, could I just comment on the lignite development situation? I think I mentioned the other evening what the Ontario Energy Corporation was doing in the James Bay lowlands with respect to exploration and development. As Mr. Stokes knows and as he has mentioned, we do have an already discovered resource at Onakawana of about 180 million tons of lignite.

There is a program under way now between Ontario Hydro and Onakawana Development Limited which is assessing the potential for the use of that lignite in mine-mouth electrical generating stations. We hope that the studies under way will be completed and some decision made as to the potential, and here we are talking about the economics and a market for the electricity. We hope to have a decision around September. That is a tentative target date.

As you know as well, there was a company that was associated with the Shawinigan engineering company that was interested in establishing a privately owned or jointly owned generating station at Onakawana. It proposed a financial structure for that facility, only to have the tax changes of a couple of years ago make it uneconomic. These were federal tax changes. They could not finance it in quite the way they had hoped.

I understand that company is still interested in proceeding if the market is there. It has undertaken some test burns, using the technology that is quite common in Germany, where brown coal or lignite is quite abundant. As a matter of fact, I was just speaking today with a principal of that company. They feel quite

satisfied that the lignite at Onakawana can be successfully burned. It has a lower sulphur content than the coal in Germany. From that point of view, they are quite encouraged.

9:20 p.m.

We have also had some interest expressed in that resource in terms of methanol production. Again, the economics of that are still unknown. There are a number of processes that are available and could be used without too much difficulty.

As to where we are now, in this case the Ministry of Energy is looking at the policy aspect. We are working with the Ministry of Natural Resources and the Ontario Energy Corporation and private sector companies to see if it is possible to put together some joint venture arrangement that might move forward in that area. The preferred option right now from the private sector's point of view would be the production of electricity. It is more of a known quantity in terms of marketing. It is all very well to produce methanol, but you have to get it to market and you have to have vehicles that can use it. That distribution system is simply not there at the present time.

Methanol, as you know, is one of the alternative transportation fuels which we think has a real potential. We hope we will be able to encourage private sector companies to proceed with some project using the lignite in the James Bay area. That is why the energy corporation is also looking for additional reserves there.

Mr. Stokes: It has peat.

Mr. MacDonald: Before we leave this, are you out of this picture altogether?

Mr. Rowan: No, sir, we are very much in it.

Mr. MacDonald: Why is there all of this consideration that it be a private sector development rather than a development of Ontario Hydro and integrated into its system?

Mr. Rowan: I am sorry if I did not make that quite clear. Hydro and Onakawana Development Limited are working together on studies that we hope will result in some conclusion being drawn by September. A parallel exercise is being conducted by a private company that is also looking at the potential for an investment of its own. It would put up the equity capital and build the thermal plant.

With respect to peat, we have been working quite closely with the Ministry of Natural Resources and we hope to have within the next few months—I believe it will be this coming winter some time—a peat symposium in Thun-

der Bay. We are working with an association, the Canadian National Committee of the International Peat Society, to bring together all of the leading experts in this field.

Peat is a less valuable resource than lignite in terms of the BTUs of energy it contains. One generalization you can make—I am sure somebody will argue with it, but let me make it anyway—is that because it contains less energy content it is a less valuable resource to exploit than lignite. If you have not exploited the lignite yet because of the economics, then peat would probably not be the one you would go to first.

Mr. J. A. Reed: Wrong.

Mr. Stokes: You have a much better distribution of peat.

Mr. Rowan: That does not mean to say that work should not be done now and the policy structure put in place so that companies who are interested in exploiting this potential know clearly how to go about it. As you pointed out, Mr. Stokes, there are a number of companies who are putting together a prospectus and getting their legal requirements out of the way with the Ontario Securities Commission so that they can promote the exploitation of peat resources in Ontario. We are in touch with them.

Mr. Stokes: Mr. Chairman, I just want to make one final comment. If we have nothing to do this summer, I suggest we go to Russia, Finland and Ireland to see how they have been using peat for decades.

Hon. Mr. Welch: Actually we could pick up Mr. Bernier's itinerary.

Mr. Chairman: Certainly the chair would take that under advisement, I can assure you.

Bearing in mind the time, is there any further discussion on vote 2002?

Mr. J. A. Reed: I would just ask the minister if he has undertaken any program to help land owners in southwestern Ontario and other areas who have small gas wells to reactivate those gas wells, connect them and utilize them on their farms.

Hon. Mr. Welch: The answer is that our ministry has not. I think that type of program would come under the Ministry of Natural Resources.

Mr. J. A. Reed: To a point, but your ministry has certain responsibilities regarding the policy connected with the development of what natural gas there is in Ontario.

There are many hundreds of wells that are not

considered economic for feeding into mains simply because they do not have enough pressure and the cost of financing a pressurizing system is too great. However, used direct, either with one farm or a group of farms in co-operation, they are capable of supplying energy for agriculture for hundreds of years in some cases.

I am surprised it is not a subject that you have dealt with to this point.

Hon. Mr. Welch: All I am indicating is that that comes under the Petroleum Resources Act which is the responsibility of Natural Resources. In fact, I would not be surprised if some of that was going on now.

Mr. J. A. Reed: Are you not a policy secretariat? Do you not develop policy for this stuff?

Hon. Mr. Welch: I do not think there is anything to preclude anyone from doing that under the present circumstances. The answer to your other question is that we do develop policy.

Mr. J. A. Reed: The ministry is ordering that wells be plugged periodically. A few have been ordered plugged in Halton in the last year. I do not see the Ministry of Energy saying to the Ministry of Natural Resources, "Listen, better make sure those things can be utilized, rather than plug them up and spend X hundreds of thousands of dollars or whatever it is to reopen them."

Hon. Mr. Welch: It may well be they are being plugged for environmental and/or safety reasons.

Mr. J. A. Reed: Sure they are, precisely because they are not being used and some of the capping, the tops, are getting old and rusty. It is a question of what it is going to cost to revitalize or reactivate them. I am just saying there is an energy resource sitting there, well-known, well-discovered, in place and ready to go. Once again it is just like your water power, another one all ready to go, and I do not think you are addressing it.

Hon. Mr. Welch: Certainly we are not aggressive in that area as a ministry. This is not to suggest in any way that owners themselves are not involved in that and dealing with the Ministry of Natural Resources under the Petroleum Resources Act.

Mr. J. A. Reed: Out from under and around the bend.

Vote 2002 agreed to.

On vote 2003, renewable energy program:

Mr. Chairman: I believe that perhaps I ruled fairly harshly against Mr. Johnson when he wished to discuss vote 2003 before—I would suggest maybe too harshly. Is there any objection to Mr. Johnson speaking on this at this time? Mr. Johnson.

9:30 p.m.

Mr. J. M. Johnson: I would like to deal with the ethanol section of this. My concern, primarily, is using food land for energy purposes. I find that hard to accept. Perhaps it is not the case today, but perhaps in five or 10 years when the technology is in place and we are using the program we will discover that we cannot afford to use food land for this purpose.

I feel that it is a mistake to go in this direction. I just cannot rationalize morally that we could use food lands for this purpose. To set up processing plants or stills across the province and to convert food lands to this use, and then some day down the line to have to revoke our decision, does not seem sensible. I think we should take a hard look at it now before we get into this program. There has to be another way to go. I would like it on the record at this time that I am concerned for the reasons I mentioned and that before we embark on something of this nature, we should address the long-term approach.

Hon. Mr. Welch: I certainly understand the point that is being made. Others may also like to comment on this, but perhaps I can approach it in two or three ways. You will recall that in our last meeting to consider these estimates there was some reference made to a report which is about to be tabled by the agriculture energy policy committee. The particular point which Mr. Johnson raises was part of the consideration of that committee. The issues that the member has underlined were, I am told, part of the more detailed consideration.

Once again, I draw the committee's attention to the booklet entitled, *Alternative Transportation Fuels for Ontario: Policy and Strategy*, particularly page 13, which sets out the various feedstock that can be used to obtain methanol. It may well be that for certain limited on-farm use, we would look to biomass and what could be considered agricultural wastes. But for large-scale production of methanol, in keeping with what the deputy minister said in response to a question from Mr. Stokes, we are talking in terms of lignite and other feedstock.

Straight ethanol can be manufactured from grain or corn and the other obvious sources set out in that booklet. But the basic question which

the member raises with respect to the use of crops for this purpose is one which I think many concerned people have raised, and I appreciate the concerns that have been expressed.

Mr. Sweeney: What is a "gj"?

Hon. Mr. Welch: Gigajoule.

Mr. Sweeney: What does it mean?

Hon. Mr. Welch: Do you mean you really do not know? There is a very straightforward answer to it. Mr. Rowan, would you like to share it?

Mr. Sweeney: You son of a gun, you don't know either.

Mr. Rowan: If you would like to get conversion factors—

Mr. Sweeney: Just put it in plain, simple English.

Mr. Rowan: That is impossible.

Hon. Mr. Welch: There is nothing simple about conversion.

Mr. J. A. Reed: Are gigajoules in the back of the book?

Mr. Sweeney: It sounds like some kind of disco dance.

Mr. Rowan: Terajoules are.

Mr. J. A. Reed: What is a terajoule?

Mr. Sweeney: Do you put your left foot first or your right foot?

Hon. Mr. Welch: Dr. Stevenson perhaps could help us there. What kind of joule are you going to handle, Dr. Stevenson?

Dr. W. Stevenson: The only way I can ever remember a gigajoule—I hope I am correct in this—is that the energy in a gigajoule is about equal to the energy contained in a sixth of a barrel of oil.

Hon. Mr. Welch: That's the way my grandfather told me.

Mr. J. A. Reed: Thank you very much. I know this question of the utilization of agricultural land for producing energy has been raised as a moral issue. It has been raised, as well, as a logistical issue whether or not there would be enough agricultural land to produce energy and so on.

Hon. Mr. Welch: What is your own view?

Mr. J. A. Reed: We suggested some time ago, and continue to hold to the fact, that energy at this particular stage in history has to be approached on the broadest possible front. There are situations in technology where it may

very well be of advantage to the production of food to produce energy by using agricultural land.

I will give you an example. If I have a feedlot with beef cattle and have the capability of growing a grain crop, I can extract from that grain the carbohydrate or the energy necessary for my cultivation and for providing for myself. But I create in the process a byproduct of high protein supplement for the cattle which does not have to be trucked in to Mount Forest from Iowa or southwestern Ontario or wherever it may have to come from.

If I take the opinion that it may take 10 per cent of my land, which I think is a fair evaluation, to produce the amount of energy necessary for tillage and other functions, then the byproduct produced from that 10 per cent suddenly becomes the protein resource which I could not produce in Mount Forest because I cannot grow soybeans in Mount Forest. So there is a payback, if you like.

Mr. J. M. Johnson: If your equation is right.

Mr. J. A. Reed: May I remind you of the horse age when we used 25 per cent of the land to supply the energy necessary to do the tillage? That is what it took to pasture the horses. In terms of energy self-sufficiency in agriculture, we are actually in a situation where we can improve it by the use of technology.

There is another thing that is probably on the horizon. We know now that there is one company producing ethanol using lignocellulose, that is, waste, straw, old hay, et cetera. I have a pile of old, rotten hay in the barn. I would love to put it in a soup pond, add some enzymes, stir it up, distil it and make my own energy.

9:40 p.m.

There is an incredible amount of waste in agriculture right now that we are burning. If you have an orchard and trim your trees the way you should, every year you burn a bunch of brush piles; you do not utilize them.

There is a reasonably well developed technology which would ultimately produce ethanol from lignocellulose rather than methanol. It is quite conceivable that we are on the threshold of the second stage where the potential for on-farm fuel production might expand to other areas.

I know the concern—it has been expressed to me many times and I think it is a valid concern—about this business of using agricultural land to produce energy when we should be producing food. But if I had a herd of sows right now, I

would be growing some corn and feeding them protein supplements rather than trundling in soybean meal from Toronto Elevators.

Mr. Sweeney: If we had a Liberal Minister of Energy, that is what would be done, but not with these Conservative ministers.

Mr. Foulds: I have a few questions on the renewable energy program. In reading through the fine print at the bottom of page 26 of the detailed estimates, I notice the little item which says, "to disseminate to the lay public and media balanced information on renewable energy in order to explain its role in Ontario's energy future." I suppose this is one of the places where you get money for your media campaigns for renewable energy.

Hon. Mr. Welch: This talks about the substance of the program. The money for publications would be in that vote which covers media advertising.

Mr. Foulds: Does any of the media advertising come out of the program?

Hon. Mr. Welch: Media advertising, as you know, is conservation advertising, which is the next vote.

Mr. Foulds: In the detailed estimate books that we were given at the bottom of page 26, it says, "to disseminate to the lay public and media balanced information on renewable energy in order to explain its role in Ontario's energy future."

Hon. Mr. Welch: To give you some examples, there are the three publications on solar which we have here.

Mr. Foulds: I know all that; you gave me that. I am just wondering why that specific item is here if the money for it comes in another vote. Is it just because that was not collated?

Hon. Mr. Welch: No. This deals with what you call program content. The actual mechanics of putting out this material is talked about in the other vote. I guess in the earlier days of the estimates they broke down that particular vote so that they would be able to relate them in a more understandable way. They put them all together in item 4 of vote 2001, but each of the individual programs retains some description of program content.

Mr. Foulds: Then my question simply is—and I hope the answer will be no—there is no money in this vote that goes directly to media advertising?

Hon. Mr. Welch: That is correct.

Mr. Foulds: I have a couple of questions on solar and biomass energy. As a layperson coming to these estimates for the first time, I am puzzled about the target for the development of solar energy requirements in Ontario. I believe the target you have set is just two per cent by 1995. Why is it that low?

Hon. Mr. Welch: The realistic answer is that is what we feel we can accomplish. It is a realistic approach, keeping in mind that even two per cent is not an insignificant goal given the state of the technology. There are others here who might expand on my general answers in more detail.

Your reaction is interesting, however. It was also mine when I saw those figures because it does not sound like a great deal. But I am reminded that two per cent of Ontario's energy requirements is a fairly significant amount, the equivalent of 15 million barrels of oil and, more important, it appears to be a realistic and achievable target.

Mr. Foulds: I am still puzzled. Why is that target so realistic in comparison with what I consider the expansionist realism of your increased use of electricity? It is very modest compared to electricity which in terms of off-oil seems to be higher than one would suspect as a layperson coming to these estimates for the first time.

Hon. Mr. Welch: The economics of the energy debate are such that we feel in the long run the figures we are using as far as electricity is concerned may be deemed to be realistic as well. All of this business of forecasting is fraught with certain risks.

Mr. Foulds: As Ontario Hydro has found out. Is the solar technology so primitive that its application on a wide commercial scale is not expected to be implemented very quickly?

Hon. Mr. Welch: The question does warrant some more detailed answers. Perhaps Dr. Higgin would like to share some detail from a technical point of view to help explain the general response I gave about the realism of this target.

Dr. Higgin: Mr. Chairman, I take it the question from Mr. Foulds relates to the size of the solar energy target. As the minister indicated, the contribution we are looking to solar energy systems to make by the year 1995 is equivalent to 15 million barrels of oil a year.

The principal contributions that that will be comprised of in terms of solar technology are passive solar energy systems, those which substantially use a building as the heat collector

rather than using chemical devices such as flat-plate solar collectors and storage tanks and so on; and then active solar systems. Of the two, as probably Mr. Foulds is aware, the most immediate potential lies in the area of the passive solar heating which, when combined—and this is very important to say—with energy conservation can reduce the peak load of correctly designed new housing by as much as 50 per cent for relatively modest cost increases.

This, indeed, is the purpose of the passive solar energy component of our program and, as you may be aware, we have undertaken with the Housing and Urban Development Association of Canada a demonstration of passive solar energy housing which also combines the energy conservation design. Twenty units have been constructed or are being constructed—14 of them are actually complete now—by 14 different builders all over the province and, as I stated, the energy savings that are forecast are of the order of about 50 per cent. So this is obviously a very important contribution—and I put it that way—that solar can make to new residential housing.

We should not underplay or overplay the role of passive solar. Its energy conservation aspects are very important to achieving those particular levels. Under our program we are addressing active solar systems and this is really in terms of technology, the reliability of the systems and the cost of the systems somewhat further back than passive solar heating is.

The various types of systems which the program is seeking to develop and foster, which will make up the contribution from active solar systems under this target, include solar domestic hot water heating. We have a combined program with Ontario Hydro aimed at developing and demonstrating domestic hot water systems. Over the past five years we also have demonstrated 24 different types of solar heating systems, many in the public sector.

This has been what we would call our phase zero of the solar energy program which has run from 1975 through to 1980. I see the minister is holding our book there, the solar energy strategy book.

Hon. Mr. Welch: Pages 12 and 13.

Dr. Higgin: This is the new solar energy strategy which is intended to be, if you like, the precommercial phase for solar energy development. We plan to spend \$50 million over five years, principally on the development of active solar systems. Most of the money in the program will go into cost-shared projects in the area of

active solar systems. This will include commercial industrial systems, municipal pools, passive and site built systems for agriculture and a number of other areas. The details are on record in the book.

Mr. Foulds: Just for the record here, where do you see the most potential in terms of solar development? In residential, commercial or industrial? Of the 14 units you mentioned, how many are apartment blocks, if any?

Dr. Higgin: The units which we undertook, the passive solar demonstration projects, were residential, single-family homes. The suitability of buildings to passive solar heating is such that the smaller range of buildings, not necessarily just single residential but multiple units and so on, are more suited. When you get into larger buildings, cooling becomes a consideration because of internal heat gains and so on. Therefore, other types of energy systems become important.

Mr. Foulds: Yes, like the Ontario Hydro building.

9:50 p.m.

Dr. Higgin: Yes. The particular suitability of passive solar systems lies in the smaller range of building types. That is in answer to your first question about the passive solar systems.

With respect to the active solar systems and their gross potential in energy and market terms, probably the area of commercial-industrial—low temperature, preheating of water applications for laundries, bottle washing, canning plants and this type of thing—is the largest market for solar collectors as far as energy contribution is concerned.

However, in terms of the timing as to when solar systems might become commercial, we also have to place, roughly equal with that, the packaged solar domestic hot water systems for residential use. We believe that those are important. And, of course, it goes without saying—in fact, already for outdoor pools—the plastic type of collectors and so on, can be economic, depending on the position of the pool and its fuel type and whether the costs of installing a pool heater can be avoided and so on. There is already a market in that area; we think the pool market is also a very important market and provides a base for the industry.

Those are really the prime areas that we feel will make a major contribution. As you are probably aware, the majority of the solar collector manufacturing companies that have been selected by the federal government under its

purchase and use of solar heating program are in Ontario. As well as simply the energy contribution we expect to get from the program, the industrial development aspects of this are very important.

I might add that we are working with the industry in discussions on such areas as export market potential because many of the North American companies have found that there is a significant offshore export potential in solar systems in places like the Caribbean, the Middle East and Africa. We believe the manufacturers should also be turning their focus on that and trying to market their systems on a wider basis than simply in Ontario.

Hon. Mr. Welch: Interestingly enough, you are now turning your attention to the potential for air conditioning.

Dr. Higgin: Correct.

Mr. Foulds: I just have one last question. If you do not have it available now, could you supply me with the figures for the targets in other jurisdictions in relation to your two per cent target by 1995 and what the targets of other jurisdictions are?

Dr. Higgin: Specifically for solar or for renewables?

Mr. Foulds: Just for solar.

Dr. Higgin: I do not have the latest figures to hand, but I will certainly undertake to provide them to you through the chairman.

Mr. R. F. Johnston: My impression was that the United States had a higher target figure for 1995.

Dr. Higgin: Yes, for active solar systems the United States has a slightly higher target.

Hon. Mr. Welch: Further south.

Mr. Stokes: Warmer weather too.

Mr. J. A. Reed: Not necessarily more sun. The ambient temperature does not mean much. There is better solar insulation in Wawa than in Toronto.

Dr. Higgin: We would undertake to supply the latest figures that we have in our files on the targets from other jurisdictions.

Mr. J. A. Reed: I have been very concerned about the solar industry and what is not happening to it. I will just make the statement once more that the government's approach, where it wants to continue to control the technology and not get it out with incentives into the marketplace, continues to concern me, and I have to put that concern on the record.

I have said before if we had waited and used the same tactics for the production of the perfect automobile before we got it out among consumers, we still would not have an automobile in 1981. To some that may not be a bad thing. On the other hand, there comes a time when the consumer has to participate in this sort of thing. When we are talking about technological advancement, we know that 10 years from now there will be technological advances from what we have now.

In my view, the ministry has been rather negligent in spending money that it has controlled and refereed to such a great extent, without really getting the incentives out into the marketplace and allowing the marketplace to determine which solar companies would survive and which not survive and so on.

I will say right now that I do not think your programs are going to save the industry. They are okay in terms of research and development projects but surely, at some point, the consumer will provide the turnover of money that will make solar energy work or not work, provided the proper figures are presented to the consumer. That brings in the conflict of interest between Ontario Hydro and the solar project because all we see up front is capital cost for a solar water heater booster or something that is going in or rental for a Hydro Cascade 40 or 60 or whatever it is at so much a month and some electricity. But what we do not see is that for every one of these electric resistance heaters that goes in, there has to be an award towards the capital cost of turning generators. If that capital cost were put up front along with the solar cost, there would not be a heck of a lot of difference, one from the other, in the cost of producing hot water.

I would suggest to the minister the way he has gone about it is that once again he has brought into play what I consider to be a real conflict here, that is, Ontario Hydro's mandate to produce electric power versus its experiments into solar. I wonder if solar energy and the future of solar energy are really going to be well served by that kind of program. I find it rather disconcerting, to say the least.

The other area I would like to touch on is the area that Dr. Higgin mentioned, which was the business of conservation and efficiency. I do not understand a government that will talk such a great line about conservation, that we all get in and preserve it, conserve it; or conserve it, preserve it; or whatever the lingo in the ads is; yet we have a young fellow at Freelon, Ontario,

by the name of David Braden who has produced a house design and who has built a house which will heat, even with electricity, for less than \$60 a year. I have been in the house and I have seen it. He finally had to forgo plans for the individual development of a 50-home subdivision there.

One of the great stumbling blocks was the building codes. He had developed some new concepts and some new designs in this house that are really worth looking at and are very interesting. Just to give you a small example of how rigid your government is, he had developed a hermetically sealed underfloor between the ground and the floor. As you know, dead air is the best insulator. It was insulated around the outside in the dead air space.

The building inspector came along and said: "No, you can't do that. You've got to cut a hole in the side here and a hole in the side out there to let the air pass through." Mr. Braden said, "If I do that, it will destroy my invention." The building inspector said: "I don't care. The building codes don't allow it." So Mr. Braden had to cut a hole in one side and a hole in the other, let the building inspector make his mark, and then plug them up again.

There is a heat exchanger in the Braden home at Freelon. I would advise you to go down and look at it if you are generally interested in energy conservation and efficiency. It is simply a sheet metal pattern of the efficiency home at the University of Saskatchewan—the heat exchanger that was developed out of sheets of polyethylene where the warm stale air passed outside the house, the cold fresh air came in, and most of the heat exchanged one with the other during the process. He simply developed that idea into a metal cabinet where the exchange took place. The building code would not pass it. Why? It was not CSA-approved.

10 p.m.

There is an individual entrepreneur—free enterprise, a subject the minister must be familiar with; I hope he is. He set out to design a home of modest cost that most people could afford that is as energy-efficient as anything that exists today. It does not make use of fancy designs. It uses an envelope concept that seals the home. Yet, because of the building codes, he was stifled and held back for so long that he finally had to make some serious financial changes and will not be able to complete his dream.

So much for free enterprise and the Conservative government of Ontario.

Mr. Eakins: Preserve it, conserve it.

Mr. J. A. Reed: Yes, preserve it, conserve it. Do nothing because that way you will not risk anything and you will not be sticking your neck out. I am sorry to have to suggest that. I think I said in my opening statement that of all of the positions that require leadership and standing alone and getting out into the forefront and not following the crowd, but getting ahead of the crowd, it is that of the Minister of Energy, right now, today, in 1981.

That is the way it has got to be. In the meantime, these young people who do have good ideas, who do have good concepts and who are prepared to go it alone run into some bureaucratic obstacle that puts a stop to their progress.

Mr. Stokes: It is quite true.

Mr. J. A. Reed: Sure. It is not that he did not want it to work. It is that it is not working. That happens in so many cases. I think I have said this before to you. What you have got to do is identify these obstacles and start getting the hell out of the way, backing off.

You have obstacles in water power development, in gas development, in this and that and everything else under the sun. It does not cost much money to put a couple of guys to work to identify those obstacles and get out of the way because that is really where it is going to happen. It is going to happen out in the marketplace. I know that there are some terrific people in the Ministry of Energy and I admire them very much, even though they do work on virtually no budget most of the time.

The fact is that when you want to get the ball bouncing, you do it out there in the marketplace and you stand back and let it happen. This is a classic example, this energy efficiency that we all talk about as being so advantageous, where it has been prevented.

Hon. Mr. Welch: My friend has brought up a number of points and perhaps we should zero in on one, namely, the definite decision we took with respect to the solar policy. I am going to ask Dr. Higgin to expand on that in just a moment.

I respect the fact that Mr. Reed has some very definite opinions with respect to policy development, and indeed there are some basic differences of approach. I have followed the advice which was given to me in so far as the solar industry is concerned. I understand that it has the approval of the solar industries themselves, perhaps with one warning to myself that they would like this program to be moving along a

little more quickly than it is, as they share in the Canadian energy moves. But I do not think we are at basic odds with regard to the emphasis which we are placing on consumer acceptability by working with them on some of these large projects. That gets us into a definition of a consumer because we are dealing in the marketplace on large projects.

I do appreciate as well the comments that have been made about the relationship between good conservation practices and the incorporation of those practices into the building code. I can assure you that there is a working relationship between this ministry and the Ministry of Consumer and Commercial Relations in that regard, though perhaps not as brisk as it should be.

I expect constructive criticism along that line and I am not able to comment on the particular projects to which the honourable member makes reference. But I think it is important because Mr. Reed did bring it up in his introductory remarks and has reinforced those remarks today. He really feels that there is a wrong emphasis in so far as the solar program is concerned. I think we should identify that. We owe him and members of the committee some explanation as to why we opted to go this route because we wanted to reinforce that industry and we wanted to be seen as being helpful to it, rather than going immediately to an individual consumer incentive type of program.

Dr. Higgin, would you expand on that one particular point?

Dr. Higgin: Mr. Chairman, first, I could perhaps preface my remarks by saying there are incentives in place for the purchase and installation of solar systems. I think the issue is the adequacy of those relative to other jurisdictions, such as the United States.

There is a 50 per cent accelerated write-off provision now under class 34 of the Canada Income Tax Act; a sales tax remission; eligibility under the Canadian oil substitution program; and also in Ontario a tax rebate of up to \$700 on materials for people who build their own solar systems. However, the issue is the question of increasing the incentives so that consumers would be moving towards purchasing solar systems.

The position of the federal government, which has much more power with respect to the institution of major tax credits than Ontario, is that in the absence of warranties and standards for the systems—and that is the situation we are currently in—it is not reasonable to expect that

the consumer should bear the burden of experimentation and development work, which is really where the solar industry is now.

The solar industry has agreed that that is a reasonable position until it can get the standards and warranties in place which will provide an adequate level of consumer protection. In developing our solar strategy, we had considerable and lengthy discussions with the solar industry. Basically, it felt that this was an acceptable strategy for the time that we are talking about for this program, that is, to close the gap in the reliability of the performance of the products versus conventional heating systems, as well as the cost gap which currently exists.

If the industry, having done that, can succeed in making those improvements to its products, then it is timely and appropriate to put in place the consumer incentives.

Mr. J. A. Reed: Has nobody heard of Eaton's or Simpsons "assured satisfaction or money refunded"?

Dr. Higgin: In that respect, I think you know that apart from one or two companies the kind of equity these companies have in the solar energy business is very small. They do not have the wherewithal for the kind of massive warranty program that would be required. However, the industry itself has been negotiating with the insurance companies to put into place an improved warranty program.

That certainly is going to go a long way to encouraging private sector participation in risk-taking in programs like our commercial-industrial. There is still quite a high risk perception out there for most people who are being asked to put their money on the line for solar energy systems. The warranty program will certainly assist that.

As I said before, our position and that of the federal government is that if we can undertake a successful demonstration development program over the two or three years, get in place the warranties and the Canadian standards required, then it will be both timely and appropriate to move with consumer incentives.

It is not that we are opposed to or have not recognized the need for future incentives; it is a question of the timing and when these should be put into place. That is the position the ministry has taken, and it is one that has been accepted by the solar industry.

Mr. Chairman: I know the minister does not

wish to take any time away from the energy conservation program or from Ontario Hydro tomorrow morning.

Mr. Sweeney: Could I ask a supplementary question?

Mr. Chairman: It is your time.

Mr. Sweeney: I want to be sure I understand what Dr. Higgin is saying. Do you mean to say that the industry itself has to do all of the validation purely on a research-experimental basis without actually putting units in the market?

Dr. Higgin: No. That certainly is not what I meant. If you would look at our solar energy strategy paper, you will see that we intend to devote \$35 million in Ontario over the next five years. This, I would add, is on top of the federal government's purchase and use of solar heating program of \$125 million in order to, what we call, pre-build the market.

10:10 p.m.

As you correctly say, the only way in which the solar industry is going to learn, be able to reduce the costs, improve its manufacturing techniques is by getting out there and doing it. Of our \$50 million program, \$35 million is devoted to that. Another important segment, \$7.5 million, is devoted to assisting the industry with its research and development in order to support the product improvements it has to make in solar systems.

Mr. Sweeney: Let me follow up with one final question, Dr. Higgin. If there are no incentives to, say, residential home owners to put one of these solar products on their home, how are the manufacturers going to get enough customers to do the kind of experimentation and research we are talking about? It seems to me one has to precede the other.

Dr. Higgin: The alternative strategy that the government of Canada and the government of Ontario are pursuing is to enter into a series of cost-shared demonstration programs with the private sector, the first of which was the recently announced commercial-industrial solar program. Under this, we have offered to share the costs of purchasing and installing solar systems with commercial and industrial companies.

It is up to these companies to find a solar manufacturer among those that are qualified and to team up with him and put in a proposal for funding support from the ministry. The client group relationship is being sponsored right there. The government is not controlling

that development. It is merely providing financial assistance so that people can install solar systems and, for the portion of money that they put in, expect to have a reasonable level of payback on their investments. That is the first of those cost-sharing programs.

We also have plans to move in a similar way in solar domestic hot water systems suitable for residential buildings. It is part of our five-year strategy. The tactics we are using, as I said, is to pre-build the market by providing the financial incentive through a direct grant to people who wish to share the cost on installation of solar systems. We do not control those systems. It is strictly a client group relationship which exists between the solar industry and the proposers under this program.

Mr. Chairman: Thank you, Dr. Higgin. I think the point has been made. Do we have agreement on vote 2003?

Vote 2003 agreed to.

On vote 2004, energy conservation program:

Mr. Chairman: Mr. Johnston has indicated he would like to have some time on this vote. Do you wish to speak, Mr. Reed?

Mr. J. A. Reed: Are we down to 2004?

Mr. Chairman: Yes.

Mr. J. A. Reed: Has there been any change in the energy conservation budget since this book was printed?

Hon. Mr. Welch: These are the estimates that we are presenting. Are you referring to the tentative figure of \$23,603,000? That is the figure we are presenting to the committee. I do not understand what prompted your question.

Mr. J. A. Reed: I am just not sure whether I should address this to renewable or energy conservation, but I am of the impression that there may have been some budget cuts. They do not appear on here; that is all.

Hon. Mr. Welch: Mr. Cunningham or Mr. Carl can correct me if I am wrong, but in the estimates that we are presenting for the consideration of the committee these are the amounts.

Mr. J. A. Reed: Your energy conservation projects are up from \$15,798,400 to \$21,974,900. Was the amount originally higher before you settled on this figure?

Hon. Mr. Welch: We all seek more than we ultimately are given. You can understand what I am saying, that in the budgetary process we no doubt would have suggested different figures, but finally a decision is arrived at and what you see in the book here is the decision.

Mr. J. A. Reed: I am surprised at two things here in conservation. One is that in the actual 1979-80 year you spent quite substantially less than you budgeted for. In these 1981-82 estimates particularly, we have organizations like the Ontario Municipal Electric Association, for instance, which has passed a resolution calling for emphasis on energy conservation equal to that being given to increased electric power generation. You will recall that resolution; 330 municipal electric organizations have passed that.

It is a recognized fact now that energy conservation is the cheapest barrel of oil, it is the cheapest kilowatt of electricity. It is the cleanest and it is the way the world can turn best. It is also good business. It does not slow down commerce, which was the argument we used to hear four or five years ago. Yet you have a total for conservation, of which I suspect a large part is advertising and promoting on television, of \$23.6 million.

With the kind of billions being contemplated through the BILD program and so on, through Ontario Hydro, the early completion of Darlington and all of those things in generating capacity, I really wonder if you are able to accomplish anything more than lip service with this kind of expenditure.

When I asked the Premier (Mr. Davis) this question about the OMEA and whether he agreed with it, the Premier really did not answer. I got the feeling from hearing his answer that he really did not agree with the OMEA. It was the supply side all the way, and that was the way we were going to get it. That was one of the realities of March 19, et cetera.

Perhaps there is more to energy conservation than is shown in this \$23 million and, if there is, we would be very pleased to hear it.

Mr. Chairman: Could we hear from Mr. Foulds or Mr. Johnston, if you are deferring? The minister will reply to all at once.

Mr. Foulds: I will defer to Mr. Johnston as long as I get an answer to the question I have been pursuing all evening before we carry the vote.

Mr. R. F. Johnston: Are you waiting to answer all the questions at once?

Mr. Chairman: Yes, I think in view of the time that would be best.

Mr. R. F. Johnston: Mine follows from the point the Liberal critic was raising. I would be interested to know whether or not you underspent

in the 1980-81 actuals and if you have an idea whether you are going to be under budget there this year or not.

Hon. Mr. Welch: I think if we get all the questions and comments in and there is one reply, then you will not be cheated out of time by several answers.

Mr. R. F. Johnston: I am concerned that the budget seems to have been underspent before and may have been now. I am particularly interested in the mandate you set: reduction of residential fraction supplied by oil from 35 per cent to 10 per cent by 1990; identifying practical methods of achieving reductions in energy consumption and demonstrating their effectiveness.

I would be interested to know how many projects you have been involved with in the last year in terms of retrofitting buildings, especially in the co-op area, and in terms of using those as pilot projects. Specifically, I am interested in the decision which seems to have been made recently about a project which is just about to go under construction in Scarborough called Marine Heights, under the Lantana Nonprofit Home Corporation.

10:20 p.m.

It is my understanding they have been in negotiation now with your ministry for some time, since the project first seemed to be getting a go-ahead with CMHC, and that CMHC has been a party to meetings with your ministry in terms of a major pilot project on that site involving 10 of those units being retrofitted and externally clad to make them energy self-sufficient.

As I understand it, a proposal was brought forward by an independent engineer, James Partridge, in which he suggested there could be a five-year payback on his scheme. In a meeting on April 1 with your ministry, it seemed you wanted to go farther than that. In fact, you were interested in expanding what would be done so that there might even be a 15-year payback, not a five-year payback.

At that April 1 meeting, it was understood that the probable cost for this would be about \$600,000 and that the federal Ministry of Energy, Mines and Resources was interested in picking up half of that. I want to know why it was that just about two weeks ago or a week before the budget came down, this group was informed by someone in your ministry that, in fact, although the interest was still there, the bucks are not and your ministry is not going to be able to get involved in this project.

It seems to me with your past experience of underspending—I do not know what you have in terms of spending for this past year—it is a shame in a project like this, which is to get started and will be undertaken and which will not be easily adjusted—when you are talking about external cladding you are talking about major changes in terms of the depth of windowsills and that sort of thing—that you are somehow backing away from it.

Following up Mr. Reed's question about what was your proposed budget for this area prior to this, can you give me any indication of why this group would have been told that you had an \$11-million cut from what you were expecting and that is why they were not going to be getting any money?

Mr. Foulds: I want to know how much money is being spent in this vote on media advertising of conservation. I want to know how much of that is on advertising in television, how much of that is devoted to a continuation of conserve it, preserve it and how much is new developmental advertising in television, radio, billboards and lawn signs.

Hon. Mr. Welch: Is that pretty well all? Perhaps as I recall them, we will try to get all these answers on the record. Mr. Cunningham, could you give us some indication as to the underspending in the fiscal year which has been completed?

Mr. P. Cunningham: In the one particular vote 2004, item 2, for the principal sums that are shown in the services standard account and the transfer payments standard account for 1980-81, the services were \$15,739,200 and the spending estimated actuals for last year against that were \$13,100,500. In the standard account line transfer payments, the estimates were \$55,000 and the actuals were \$216,000. Those are the two major items in terms of standard accounts to make up that total line you have in your estimates.

Hon. Mr. Welch: I think it is fair to point out—I am sorry if you have not finished—that we are dealing with other ministries and we do not usually get these journal entries until near the end. By my recollection, we are better off this year in this regard than we have been in previous fiscal years. Is that right?

Mr. P. Cunningham: Considerably. Our spending performance in participation with the other ministries has improved immensely this year.

Hon. Mr. Welch: Are we able to comment on the Scarborough project to which Mr. Johnston made reference, Mr. Carl?

Mr. Carl: I am attempting to get some more definitive information on it.

Hon. Mr. Welch: More definitive information is en route. Perhaps while they are putting that information together I could go to the comments made by Mr. Reed. He certainly has no argument with this minister with respect to the importance of energy conservation. It happens to be a personal commitment on my part and it is the type of program—other than getting involved in the retrofit and the work with other ministries—which lays a very heavy emphasis on information dissemination as well. I would think that in most of the public statements which the minister has been connected with energy conservation has been part of that.

When one talks in terms of budgetary allocations, prioritizing how you would spend the amounts of money you are given, I ask you to take a look at the 1980-81 estimates and compare them to 1981-82. You will find that this ministry in percentage terms has been given a fairly substantial increase which, in itself, has to be seen as some recognition by the government of the importance along the lines you have emphasized.

I have not made the calculation, but I think we are talking of more than a 30 per cent increase this year for this ministry alone. If you were to ask me, as you did, "Are there other areas in which we could expend public funds with some commitment and conviction?" I would have to say yes. But I am sure all of my colleagues are in the same position as we make our representations.

Regarding the subject Mr. Foulds was talking about, the advertising budgetary matter, perhaps you might give him that breakdown.

Mr. Rowan: Mr. Foulds, in the advertising budget there is \$3 million worth of advertising. Approximately \$1.2 million is to encourage home owners to upgrade their residences—insulation, weatherstripping; that refers to buildings—and \$1.7 million is related to the transportation. As you know, the automobile is the largest user of oil and that is where our primary focus will be this year.

There is another aspect of our advertising that is related to the heat-save program. As you

know, we have 60 communities over a five-year period that will be involved in heat-save, and that is another facet of our advertising.

Mr. Foulds: That comes in the projects under buildings?

Mr. Rowan: Yes, that is a supplementary program to our operations, which comes under buildings.

Mr. Foulds: How much is television?

Mr. Rowan: We cannot give you that for this year because it is still to be determined.

Mr. Foulds: The agency has not developed the program?

Mr. Rowan: On the basis of last year it is about 54 per cent.

Mr. Foulds: The other is radio and newspapers. Do you have any in newspapers?

Hon. Mr. Welch: Very little print, but there was some print.

Mr. Rowan: About 10 per cent in newsprint and 10 outdoor advertising.

Mr. G. I. Miller: Mr. Chairman, can I ask a question?

Hon. Mr. Welch: Could we get some comment for Mr. Johnston?

Mr. Chairman: We have one minute.

Hon. Mr. Welch: Could the whips indicate if we have time for another couple of minutes?

Mr. Cooke: We still have about five minutes.

Dr. Yang: On the question of the Lantana nonprofit co-op, that is a fairly substantial project which staff discussed with the proponents for a number of months as the honourable member suggested. It involved a level of spending far beyond what the ministry has engaged in in the past in terms of assistance for housing units.

This is a field full of landmines because Canada Mortgage and Housing Corporation and the Ontario Ministry of Housing have also got assistance money going into these kinds of projects. It is very difficult to separate out the incremental energy-related expenses and benefits from the assisted portion of the housing construction costs.

At the time of the negotiations through April, in good faith the ministry staff felt it might be possible to squeeze out sufficient funds to cover a project of this magnitude. But when the budget finally did come down, we were strapped in the conservation side in terms of moving the demonstration and the assistance in those areas

to projects of a smaller size. That was one of the very last that we sort of struck in terms of not having enough funds for it.

Mr. R. F. Johnston: So it is strictly a budgetary amount. You do not have the money. It seems to me as a result of your meeting you had—

Hon. Mr. Welch: It is refinement; it is not elimination. With the size of the project, we have to modify it somehow.

Dr. Yang: We have a list of eligible projects which are constantly under review. As spending on some is faster or slower than on others, money does become available.

Mr. R. F. Johnston: But you know this group goes to construction very shortly. Unless a decision is made quickly, it will not take place. Also, I note that you were able to separate out very well, it seems to me in that last meeting with CMHC, the items which were energy-efficiency matters and not matters to do with CMHC in particular. Is that not true too?

Dr. Yang: That was only a very recent negotiation that we have just managed to complete with CHMC, yes. That happened after the budget.

Mr. R. F. Johnston: And you would admit that it is a good project in terms of its payback?

Dr. Yang: I do not think that has been fully analysed yet by our own financial staff.

Mr. R. F. Johnston: As I understood it, you asked them to move away from a five-year payback plan, a more restricted level of retrofitting, to a major one on which they are doing external cladding, et cetera, which is much more expensive, a move to the 15-year one in terms of your suggestion.

Dr. Yang: I think the principle was that we wanted to see the full range from short payback to long-term payback to see how much that would have an impact on the total project cost.

Mr. R. F. Johnston: Is there any possible way that this group is going to receive any money at all to do any of the energy work that was not already considered as being covered by CMHC initially?

Dr. Yang: I would certainly like to be positive on that. If funds become available for it, yes.

Mr. R. F. Johnston: It is a real indication to me that you are not putting enough money in this. I have heard words used like, "ideal project of this size to use as a pilot," that have been interpreted to me as coming from ministry staff, and yet there is no money to take it on. It seems to me that the group was led to understand, in good faith as you say, that that would be going ahead.

Mr. Chairman: Do we have agreement on vote 2004?

Mr. G. I. Miller: May I ask a quick question?

Mr. Chairman: We are out of time.

Mr. G. I. Miller: It is on greenhouses and oil users. Is there any program to change over to natural gas?

Hon. Mr. Welch: There is an advisory group with respect to greenhouses working out of Vineland at the Vineland experimental station. I would be glad to get you some more information on that.

Vote 2004 agreed to.

The committee adjourned at 10:33 p.m.

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 Yang, Dr. B., Manager, Transportation and Community Energy Management, Energy Conservation Section



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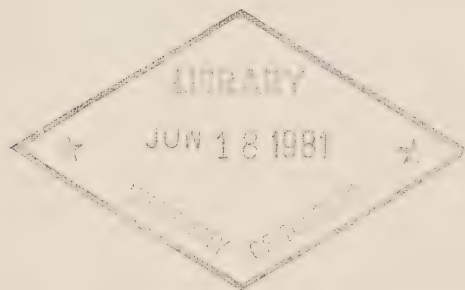
LEGISLATIVE ASSEMBLY

No. R-3

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Energy



First Session, Thirty-Second Parliament
Wednesday, May 27, 1981

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, May 27, 1981

The committee met at 10:10 a.m. in room No. 228.

ESTIMATES, MINISTRY OF ENERGY (concluded)

Mr. Chairman: I will call the meeting to order. We have completed votes 2001, 2002, 2003 and 2004. I remind you that today there are two items. You may wish to spend a few minutes on Ontario Hydro; I know the minister would like to save as much time for that as he can.

Hon. Mr. Welch: Yes, the people from Ontario Hydro are very anxious. They await without.

Mr. Chairman: Let us deal with vote 2005. The minister has the chairman of the Ontario Energy Board here.

Hon. Mr. Welch: Mr. Clendinning is on my left.

On vote 2005, regulatory affairs program:

Mr. J. A. Reed: Thank you very much, Mr. Chairman. I just have one question to direct to the Ontario Energy Board. It is on a matter to which they may have given some thought.

Ontario Hydro is proposing a rate increase for 1982 which will contain a specially earmarked segment, which Ontario Hydro proposes to take and sink it, bank it or put it away and invest it in grape juice stocks or whatever.

Hon. Mr. Welch: That is not bad.

Mr. J. A. Reed: Do you feel kindly disposed towards that kind of an approach to electricity pricing, or do you consider it to be beyond the mandate of Ontario Hydro?

Mr. Clendinning: Mr. Reed, I expect that you may have anticipated my answer, but honestly, until we have looked at the entire picture at a hearing, I feel it is premature for me to react and it is premature for the board to react.

Mr. J. A. Reed: I guess what I am trying to get at is the OEB's method of assessing price increases and what kind of justification you will expect from Ontario Hydro for those increases. It is an unprecedented move by Ontario Hydro to include about a quarter of that increase as a specially earmarked fund.

Hon. Mr. Welch: Would that not be an appropriate question to direct to the petitioner?

Mr. J. A. Reed: We will, Mr. Minister. Does the OEB have any framework within which it determines the approval for price increases? Let me put it that way.

Mr. Clendinning: Still, Mr. Reed, in the context of your question my answer has to be—and I am not trying to avoid answering—that I just cannot answer. The framework would be built during the hearing which would review all the matters. It would be premature for me to say there is a framework into which this particular piece must fit because we do not have the framework built.

Mr. J. A. Reed: Does the OEB have any directives or criteria by which it is bound to decide or bound to work? Or is your decision simply an ad hoc judgement based on what you think is appropriate to the moment?

Mr. Clendinning: I would not agree that it is an ad hoc judgement based on what we feel would fit at the moment. It is based on the facts and the situation as presented and reviewed at the time, which I think is slightly different from what you are saying. In the context of your question, there are no predetermined rules that must be applied.

Mr. J. A. Reed: So really it is all ad hoc. You take each application as it comes and you ask, "What will we do about this one?" Is there no framework given to you by the government?

Mr. Clendinning: The only framework is what is in the letter of reference from the minister, which is on the record, and, of course, any previous decisions and views in which the board has already become involved. No secret set of rules is applied.

Mr. J. A. Reed: Oh, I wasn't thinking of a secret set of rules.

Mr. Clendinning: What I meant, sir, is that everything is on the record now. As to your specific question about the 1982 prices and the situation you raise, there is no predetermined set of rules to be applied.

The words "ad hoc" to me imply a certain casualness which, of course, you realize we do not have.

Hon. Mr. Welch: Unlike the member's dress, you mean.

Mr. Clendining: We have already discussed that, Mr. Minister.

Mr. J. A. Reed: Do you like my ad hoc shirt this morning?

Hon. Mr. Welch: I think your ad hoc shirt looks great. On you it looks great.

Mr. J. A. Reed: I am concerned that this new departure could become, depending on how you view it, part and parcel of future electric power increases—things which may not necessarily be appropriate to electric power pricing.

Mr. Clendining: Is that a question?

Mr. J. A. Reed: I suppose it would have been a question before you said that you will not make any statement until after you have cleared it.

Mr. Clendining: I think it is a timely observation, sir.

Mr. J. A. Reed: Thank you very much.

Mr. MacDonald: Flattery got you somewhere.

My question is a supplementary to what Mr. Reed has been trying to get at, but let me try to tackle it in another way. A few years ago I was on a select committee reviewing the entire operations of the Ontario Municipal Board. I never forgot the testimony we got on one occasion from the chairman of the Manitoba municipal board, which operates on essentially the same lines as we do in Ontario.

His statement was: "We are a quasi-judicial body. We are not making policy; we are interpreting policy. If at any time a case comes before me and I do not know what the policy is, either in statute or in ministerial statements which are accepted as an equivalent of statute, then I adjourn the hearing and I write to the appropriate minister and ask, 'What's the policy?'"

This seems to me to be an appropriate kind of approach: if you are not making policy, you are interpreting it.

To what extent that applies to the Ontario Energy Board in this case I do not know, but my query, along the same lines but put in another way, is, are there statements of policy that provide the framework within which you operate? If so, what policy? Whose statement of policy?

For example, I was intrigued as I read the details of the 1981 review of the committed system expansion program of Ontario Hydro, in which, in item 2.2, it says: "An analysis of the long-range generation alternatives is being carried out and the work to date suggests a strategy for the development of generating systems in

the 1990s-to-the-year-2000 time period, which would place greater reliance on nuclear and hydraulic plants and less on fossil plants. This strategy requires further review with the senior management and government before submission to the board later this year."

That is a policy statement from Hydro which is going to be worked out in the government and it has not yet been worked out.

Down at item 2.4 in the same system expansion review, it says, "The provincial government's BILD (Board of Industrial Leadership and Development) program suggests greater reliance on electricity as an energy form, with emphasis on nuclear and hydraulic sources, including a direction to advance Darlington."

My point is this: If you accept BILD as a statement of government policy, the government has spoken. Hydro frankly says: "We are looking at this. We have not come to a conclusion. We have to examine it, both within our own senior management and, presumably, in consultation with the government. At some time later this year, we will come up with a statement of policy."

You are opening your hearings on this year's rate increase on June 23, if I remember the ad, or some time in the latter part of June. Do you operate under a statement of policy, and what statement of policy? Do you accept the statement of policy made by the government as part of an election program, or do you wait for a statement of policy from Hydro as the operator of it?

10:20 a.m.

I suggest that all of this is relevant because this year Hydro is going to be borrowing \$2.3 billion, most of which is going to be for the development of the nuclear system. Is that your statement of policy? Do you operate within the framework of a certain statement of policy and, if so, which one?

Mr. Clendining: I am not sure, Mr. MacDonald, if the system expansion references are part of the 1982 rate review. But, going back to your basic question, the only policy directives, if you wish, that we operate under are the act, which is fairly clear, and, of course, the reference from the minister which, as I said to Mr. Reed, is on the record.

Other than that, our review of the Ontario Hydro proposals is done in—and I do not like the words "ad hoc"—an impartial way without being concerned with, other than perhaps being aware of, other statements that may have been

made. If I can infer a conclusion from what you are asking me, there is certainly no attempt to come up with a recommendation that follows a particular policy that we detect somewhere, if I understand your question.

Mr. MacDonald: This year's rate and its impact on future years' rates are going to be significantly influenced by the fact that Ontario Hydro is building a large nuclear component. The capital it is seeking this year is \$2.3 billion. The great proportion of that is for the development of the nuclear component. Therefore, it seems to me that is a relevant thing for you to take a look at.

There are alternatives. Indeed, they are in a statement of policy, the minister's statement of policy of October 1, 1980—or was it 1979?—made shortly after he became minister, when he said, "For the future, what we want to do is move into more hydraulic development, lignite development and the development of nonconventional renewables, with no further commitments to nuclear power up to 1995."

That is a fairly clear statement of policy. Do you not take account of that?

Mr. Clendinning: If it were required, we would comment on the merits, if you wish, of a policy, and we would not adopt a policy that we had read about somewhere and be constrained by it, unless it were part of the specific reference or part of the hearing matter itself.

Mr. Foulds: Can I ask a supplementary on this point? Does that mean that when you are considering a rate increase such as this, or for any other utility, you consider only the year's operation for which that increase is projected?

Mr. Clendinning: Yes, that is the object of the exercise, but obviously future ramifications are part of the exercise for 1982.

Mr. Foulds: Sorry. I have a little difficulty hearing. I wonder if you could speak up a bit.

Mr. Clendinning: Perhaps if you restated your question, I could restate my answer.

Mr. Foulds: What I want to know is, when you are considering a rate increase, do you consider the implications only for the year when that increase will be implemented?

Mr. Clendinning: As opposed to considering that year plus later years?

Mr. Foulds: The long-range implications.

Mr. Clendinning: We are required to advise only on the immediate next year—1982 in this case. To that extent, the answer is that we consider only the year in question. If we foresee

ramifications for future years, although we are not required to report on them, we have been known to comment, or we possibly could say, if we were concerned about them, "If you do this, this might happen." We do, however, focus on the immediate next year.

Mr. Foulds: Historically, have there been judgements of the board that commented on the long-range impacts of certain rate increases? Can you recall?

Mr. Clendinning: I am trying to recall what years we did comment. If you would like an answer, Mr. MacNabb, the vice-chairman, is in the audience.

Mr. MacNabb: We are talking now about the Hydro rate review process and the report that flowed from that and not about gas utilities. Is that correct?

Mr. Clendinning: Just Ontario Hydro bulk power in 1982, actually. The question now goes back to previous bulk power advisory reports and the extent to which we may have commented on years beyond the year which was being reviewed.

Mr. MacNabb: I think so. Quite obviously, we look at economic forecasts, both long-term and short-term, and comment on those. Last year we spent a considerable amount of time on certain related policies of Ontario Hydro and the government in that income determination, which has long-run implications, of course. The same applies to a lot of the review of the Treasury function that we carried out last year.

Mr. Foulds: The Treasury function?

Mr. MacNabb: The Treasury function related to the longer term and not specifically to the year 1981. With respect to most of the issues that are examined, I think there are long-term implications going beyond the year in question.

Mr. Foulds: And you comment on those?

Mr. MacNabb: Yes.

Vote 2005 agreed to.

Mr. Chairman: Thank you very much, Mr. MacNabb.

Mr. MacDonald: Is Ontario Hydro here?

Hon. Mr. Welch: We have sent for Hydro. They are en route. In the meantime, we have the

president of the Ontario Energy Corporation here. There is no vote for that, but you may want to ask him some questions.

Mr. MacDonald: Is it a regulatory authority?

Hon. Mr. Welch: No. It is part of the enterprise.

Mr. J. A. Reed: I have a couple of questions I would like to ask.

Mr. Chairman: The president?

Mr. J. A. Reed: The president or vice-president.

Hon. Mr. Welch: The president of the Ontario Energy Corporation is very anxious that he not be overlooked.

Mr. J. A. Reed: It is his annual chance to become political.

Mr. Chairman: I hope he is always that—with a small "p".

Mr. J. Reed: Mr. President, do you consider that the mandate under which the Ontario Energy Corporation works is similar to that of Ontario Hydro inasmuch as it is also a crown corporation and charged with certain responsibilities as a crown corporation?

Mr. Rowan: I would say that our mandate is substantially different from that of Ontario Hydro. For example, I would not expect the Ontario Energy Corporation to get into the business of producing electricity for distribution on a province-wide basis.

Mr. J. A. Reed: Pardon me. It is a little early in the morning and perhaps I was not as clear as I might have been. I am wondering about the function of a crown corporation, not the specifics of what it does at this point. How does the relationship between your crown corporation and the government operate? Can you describe the differences between it and, say, the relationship between the Power Corporation Act and the government?

10:30 a.m.

Mr. Rowan: I think there are some significant differences in terms of the structure. For example, the Minister of Energy is the sole shareholder of the Ontario Energy Corporation. There is no similar shareholder identified with Ontario Hydro, as you know. Secondly, the Ontario Energy Corporation operates under the Business Corporations Act. In that sense, the members of the board in terms of their responsibilities are bound by the rules set out by the Business Corporations Act.

There is a very clear understanding that we

take direction from the shareholder with respect to the way in which the Ontario Energy Corporation conforms to government policy and the areas in which it makes investments. These are general policy guidelines, all within the context of entering into projects which are commercially viable.

The board recognizes that many of the projects and areas in which the corporation is involved are really on the leading edge of technology and, if not technology, of risk. There are high-risk ventures where the private sector does not feel comfortable in putting up its own money and prefers to enter into a joint venture with the Ontario Energy Corporation. It tends to be more comfortable operating in that high-risk environment when it feels there is a sharing of risk.

We have had, I think, some great success in encouraging companies in the private sector to enter into ventures which they would not otherwise have wanted to enter. I will give you a case in point.

The Bruce energy centre, the agripark, is certainly one of them, but in addition to that we are negotiating with a number of companies now, as I mentioned to Mr. Stokes the other evening, in lignite explorations in the James Bay lowlands. We have an arrangement with two private sector companies. Just as soon as the federal government officially gives us approval, we hope to be able to announce a program in Hudson Bay for oil and gas exploration and development. Similarly, we are undertaking projects in southwestern Ontario in the oil and gas area.

We have entered into a joint venture agreement with Tricil, the manager-operator of Swaru—the solid waste reduction plant owned by the regional municipality of Hamilton-Wentworth—to construct a generator which will use the steam supply from that facility to provide an electrical supply of about four megawatts. We will be investing up to \$2 million in conjunction with that private company.

Mr. J. A. Reed: I do not want to belabour the Ontario Energy Corporation because I know we have other subjects to attend to this morning, but I wonder if you would be good enough to outline, if you can, the process by which these decisions are made. By what process do you come to the decision that it is a good idea to put a generator on to Swaru?

Mr. Rowan: As you know, the minister announced in March 1980 an energy from waste program. Since then, 14 projects have been

identified where there is some potential for establishing an energy from waste facility across the province. One of those potential projects was the Swaru facility which already had the capital investment. What it did not have was a market. So, the Ontario Energy Corporation, working with the ministry, the region of Hamilton-Wentworth and Tricil, the operator, surveyed the prospects for developing a market. That is where all of these projects start.

Mr. J. A. Reed: Who approached whom in a situation like that? Did Tricil go to the government? Did Hamilton-Wentworth come to the government? Did you assess it as a nice high-profile project and go out to them, or what?

Mr. Rowan: I cannot tell you without looking at the records as to who approached whom. But this was not just a spur-of-the-moment decision. There had been many conversations going on for quite a long time to try to find a use for that steam.

For example, there was one customer adjacent to the Swaru facility—I think it was General Concrete—that was a natural for that steam supply. Unfortunately, just as things looked very bright, it went out of business. Swaru and Tricil were quite frustrated by having this world-class facility located in a very good industrial area of Hamilton, but not having a customer.

A number of things were going on in parallel. For example, Ontario Hydro was very much involved in this and worked very closely with us in its whole rate structure for the purchase of electricity from what is essentially a cogeneration project. You may recall that Ontario Hydro and our ministry co-sponsored a symposium on cogeneration—I think it was in 1978—and we are still working very actively with Hydro in that. We have worked very closely with Hamilton hydro because it is part of the process. I am not sure that anyone can take credit for the birth of this idea.

Mr. J. A. Reed: If it is successful, you fellows will.

Mr. Rowan: I am sure we will take our share.

Mr. J. A. Reed: There is no problem there. You brought up the question of Swaru. It is an incredibly interesting project which I think is most commendable and should be expanded. It is the kind of idea we have been trying to get into Halton for years. I am wondering if the advent of Swaru will herald perhaps other similar kinds of projects, or would Swaru become a repository for combustible garbage?

Mr. Rowan: Let me answer that in two ways. The first comment is that we are working very closely with the city of North Bay and a company in North Bay called Nordfibre. We have been working on this for some time, we being the Ministry of Energy originally, and now the Ontario Energy Corporation is in direct negotiation with that company. We are hopeful that a steam facility will be put in place in North Bay, not to produce electricity but in order that the steam itself will be used in an industrial process.

Similarly, in London, we have been working with the city of London and the Victoria Hospital to construct an energy from waste project based upon garbage and sewage sludge that would provide steam for Victoria Hospital. We are very hopeful that project will go ahead as well.

10:40 a.m.

The second point I wanted to make has to do with the region of Halton. We have had meetings with the officials in Halton. The main problem there, again, is a market, getting a customer for the steam who would be willing to pay the price for the steam that would come out of one of these plants.

Mr. J. A. Reed: Is that all that is holding that up?

Mr. Rowan: I would not say that is the only issue, but it certainly is the major issue. There are some alternatives to the Halton garbage disposal problem. The region of Niagara has two projects under way at the present time, and we are a long way down the road with those. One is at the Ontario Paper Company in Thorold and the other is at the St. Catharines General Motors plant, which is a smaller facility.

If the Ontario Paper Company project goes ahead, one possibility is that Halton refuse might be a source of supply because the source of garbage in regional Niagara is not quite enough to meet that large plant's needs.

Hon. Mr. Welch: Mr. Chairman, as part of the tradition during the course of the consideration of the estimates of the Ministry of Energy, although there is no specific vote for this item, it has always been understood there would be some opportunity for the committee to direct some questions to Ontario Hydro. Indeed, Ontario Hydro would be very disappointed if it did not have this opportunity once a year to come and to respond in this way.

I would like to introduce Mr. Macaulay, the chairman; Mr. Nastich, the president; Mr. Niitenberg, executive vice-president, planning

and administration; and Mr. Jackson, vice-president, design and construction. Each of these gentlemen would be happy to respond to questions or comment on any observations of members of the committee. We welcome you, gentlemen.

Mr. Chairman: We are pleased to have representatives from Ontario Hydro here. I am sure members of the committee are likely to have one or two questions on the activities of Ontario Hydro. Mr. MacDonald has indicated he would like to speak. Mr. Reed, in view of the fact that you were just speaking on the other item, I thought you might wish to regroup.

Mr. MacDonald: Thank you, Mr. Chairman. I have attempted to discipline myself through these estimates and say very little, if anything, so that I could reserve it all for Hydro.

Mr. J. A. Reed: Which is very unusual for the NDP.

Mr. MacDonald: Not really. The undisciplined one is right over there. However, in the initial part of my statement, followed by queries to try to get clarification of my understanding of them, I want to try to tidy up what I think is an unfortunate public debate that is going on, with the Premier playing a very key role, in terms of the appropriate kind of mix and expansion thrust in Ontario Hydro.

There is an awful lot of rhetoric and epithets being hurled and sometimes the basics just get lost. For example, I have here a speech of the Premier which was delivered to the Ontario Municipal Electric Association-Association of Municipal Electrical Utilities of Ontario joint annual meeting on March 2, 1981, in which he said, "Perhaps we should examine this final accomplishment in somewhat greater detail, for it has become a focus for the nay-sayers,"—there is the epithet; anybody who may be critical of Hydro is a nay-sayer, whatever the devil that is—"those who fault Hydro and the government for the existence of a reserve capacity."

For God's sake, let us clarify this. Nobody that I have heard of anywhere among the most vigorous militant critics of Hydro has ever faulted Hydro for a reserve capacity. Anyone who tried to run a system without a reserve capacity to cope with planned and unplanned outages would need to have his head read. They would be in difficulty overnight. So nobody is arguing that.

What we are arguing, and nobody denies that this exists, is that the reserve capacity is now

close to 50 per cent and the projections at the end of this year's system expansion program for on into the 1990s indicate that it will remain at about 45 per cent. Hydro operates on the principle that it requires 25 per cent reserve capacity.

In addition to the reserve capacity, which everybody says is necessary, though some authorities will dispute whether we need 25 per cent—I will leave that aside for the moment—we have a surplus generating capacity of some 20 per cent, or the equivalent of about 4,000 megawatts.

The minister, who normally is a little more careful, is guilty of the same thing in another respect. For example, in a speech delivered to the Board of Trade of Metropolitan Toronto on December 1, 1980, he talked about the advantages of Ontario Hydro, and he named a lot of them. He said, "We produce electricity within the borders of Ontario; supplies are secure," et cetera. It is a familiar theme of the minister's. Then he ended up, "There is a ready market for any surplus capacity."

It simply is not true, Mr. Minister. It is not true domestically and it is not true in terms of potential exports. If we were exporting all our surplus capacity, we would be exporting up to 4,000 megawatts. In fact, we are exporting on an average, approximately 15 per cent of that, and we have the devil's own time trying to get firm contracts.

I am delighted to see that, having spent \$23 million or \$37 million or whatever it was on the J. Clark Keith station, Hydro now has a contract for three years, until 1983—that is a short-term firm contract—for 254 megawatts. But let us bear in the mind that 4,000 megawatts is the surplus generating capacity. Even if you work out all the bugs involved in getting that line under Lake Erie, its potential is only another 1,000 megawatts. So that is 1,000 megawatts plus 254 or 256 megawatts, or 1,256 of the 4,000 megawatt surplus generating capacity.

I know that in the exchanges between the systems in the North American grid we sell more than that. We sell more to New York and neighbouring states in our peak periods than we buy and, therefore, it is something more than that. But even when you get that line under Lake Erie, you are still only going to get rid of maybe half of that surplus generating capacity. Surely it is not right to say that there is a ready market for surplus generating capacity.

Let me get to what is really a bit more basic. A few years ago the Premier (Mr. Davis) made a statement which has often been referred to as

his version of the bridge theory, namely, that nuclear power was the inevitable, inescapable bridge between the traditional fossil-fired generation systems and the down-the-road potential for renewable energy to which Ontario Hydro had to resort in order to provide electricity.

Last year on April 9, 1980, when we started the estimates of the Ministry of Energy, the minister made this statement: "In brief, each of these documents"—and he is referring to two policy documents, the one in 1977 called, Ontario's Energy Future, and the one the minister himself brought out on October 1, 1979, Energy Security for the Eighties—"recognizes that non-renewable energy resources—crude oil, natural gas, coal and uranium—are nothing more and can be nothing more than an interim source of energy. They are no more than a bridge between the renewable energy resources of the past—wind, water, wood—and those of the future. Accordingly, our energy policy must be shaped with that in mind and our resources managed within that context."

10:50 a.m.

Fine. Twelve months go by and we have the minister's statement this year, in which he says: "Briefly, our Ontario's Energy Future document recognized that nonrenewable energy resources, such as crude oil, natural gas and coal, can be nothing more than interim sources of energy. They are really no more than a bridge between the major energy sources on which we depended in the past, such as wood and water, and the forms of the future, such as hydrogen." Hydrogen comes into the picture for the first time.

Mr. Chairman, I draw your attention to the fact that last year among those nonrenewals on which we cannot depend forever were crude oil, natural gas, coal and uranium. This year uranium has suddenly disappeared, and elsewhere in the document uranium becomes not a renewable, but a recoverable item.

The minister is capable of verbal footwork that is sometimes dazzling. I give him full credit; he is a master at it. There is nobody in the cabinet who can match him. One has to read his statements with great care to catch the nuances because it is the nuances that reflect the thrust in policy rather than the general verbiage.

I want to ask the minister what happened to uranium in the past year. Last year uranium was part of the bridge; this year suddenly it has become recoverable. In other words, presumably in keeping with what is surely the Premier's

statement of the future thrust of energy, the minister is now climbing on the bandwagon, so to speak. He has changed the geological facts of life. Uranium was nonrenewable last year; this year it is recoverable, whatever that means.

Mr. J. A. Reed: Some people already say it is renewable.

Mr. MacDonald: I want to ask the minister specifically if he would comment on what this nuance means. Have you made a decision in fact, if not announcing it to the public, of moving into the so-called second generation of nuclear power? Have you made a decision that you are going to reprocess all of those spent fuel bundles? Even though we have not been able to find sites to pursue the research work for waste management, have you made a decision which the federal government has not made, which President Carter said no to in the United States and which in most places on the North American continent has not been enunciated as a statement of policy? Have you done that?

Hon. Mr. Welch: The short answer to that is no. There has been no commitment to what you state. I think the honourable member knows that the scientific community continues to explore that particular option, and we will be the general beneficiaries of the results of that study. There are other jurisdictions that certainly get more out of their fuel than we do because of the particular system they use. But in order to facilitate things and so that you can carry on with your discussion, the short answer to your question is that we have made no commitment to that.

Mr. MacDonald: What then do you mean when in your statements uranium ceases to be a nonrenewable resource and becomes a recoverable resource?

Hon. Mr. Welch: I think the honourable member may be reading more into them, though I am very pleased that the speeches are being read.

Mr. MacDonald: I read them carefully.

Hon. Mr. Welch: They do come up with some frequency.

It becomes a matter of definition and time frame. I do not think the omission of uranium in the second speech should be the source of any speculation.

Mr. J. A. Reed: Just by way of supplementary, if you were delivering a speech today would you include the word "uranium"? You are telling us that it was simply an oversight.

Hon. Mr. Welch: I bow to the superior wisdom in the room, but I suppose it would be hard in a very strict definition of renewable to include uranium. Surely whatever is in the ground will eventually be exhausted, whatever that time frame might be. So in that sense it is nonrenewable.

As I have already mentioned, there are technologies which lead to greater efficiency in its use. I come back to the first answer I gave. We have made no commitment with respect to that technology.

Mr. MacDonald: Just let me make this observation and then I will move on because I do not want to belabour this unduly. I think you are guilty here of being involved in a process which is one of the reasons for creating the growing concern about nuclear energy. There are a great number of people who have concerns about nuclear energy as we use it now. Their concerns are doubled or trebled when we bring into the picture reprocessing, the availability of plutonium for arms possibilities, spreading the nuclear club all over the world, and God knows who is going to have his hand on the button.

The minister says some jurisdictions are doing this. To be frank, we are doing it in Canada. Atomic Energy of Canada Limited is doing a study. The Porter commission says all our options should at least be examined; we should keep up with the research so that we may be in a position to use it if we need to or want to.

You are playing games with the public. The public does not know that AECL is doing that research. If they did, they would be even more aroused than they are at the moment. Whether it was done wittingly or not, the adjusting of uranium from being a nonrenewable resource to a recoverable resource is, in effect, going along with that. I think it is time to level with the public because if you do not you are just going to have a further augmentation of the concerns.

Let me go on to something else which is a more basic and interesting part of the public dialogue. During the first nine months of 1980, Hydro's total energy sales represented zero growth over the previous year. For the year 1980 as a whole, the increase in total energy sales was only 937 million kilowatt hours, a growth of 0.8 per cent.

This compares to a growth rate of 2.9 per cent in 1979 and a 2.7 per cent increase in 1978. In other words, Hydro's increase in the sales of energy is dropping persistently. As a result, Hydro has lowered its long-term forecast of load

growth from 1980 through to the end of the century from 4.6 per cent in 1979 to 3.4 per cent in 1980. This year it is down to 3.1 per cent.

Sooner or later, Mr. Minister and gentlemen of Hydro, I suggest that Hydro will have to acknowledge the reality which the select committee on Ontario Hydro affairs predicted namely, that the load growth through to the end of the century is going to be in the two to three per cent range. You are heading towards it inexorably each year.

In view of the continuing debate over Ontario's alleged good fortune in having so much extra generating capacity to replace oil, it is significant to note that such a switch is not taking place. The sales of electrical power are dropping. This year they are less than one per cent. There is a growing discrepancy between the government's advertising rhetoric and the cold, hard figures of Hydro's drop in sales growth.

This continued dramatic drop in electricity demand is having startling consequences for the Hydro system expansion program. Hydro's reserve margin, as I noted a moment ago, according to the 1981 review of the committed expansion program, is close to 50 per cent, and it will remain at a 45 per cent level into the 1990s. Since Hydro operates on the assumption that it requires a reserve capacity of 25 per cent, that means that the system has an excess generating capacity of some 20 per cent or 4,000 megawatts.

Faced with this embarrassing excess of generating capacity, because it is an embarrassment, notwithstanding the rhetoric of the Premier and sometimes also that of the minister, it has mothballed, stocked, stored and cancelled hundreds of millions of dollars of generating capacity. At the same time, under pressure from the government Hydro forges ahead with the expansion of new generating capacities.

11 a.m.

During the past year Wesleyville was cancelled. I do not want to get into the argument about how much was spent on that. It was \$300 million and then it became \$263 million. Last year you wrote off \$116 million and this year you are writing off \$160 million, which is a total of \$276 million. I do not know where the rest of it went, but the figure given to us on the select committee was \$295 million to \$300 million that had been spent on Wesleyville.

Lennox is sitting at virtually zero generating capacity and is due for mothballing in the near future. But the real shocker in terms of planning

is that the Hydro board is now actively considering the postponement and, indeed, the cancellation of unit two at Atikokan, another station which was commissioned only three or four years ago. After all the rhetoric about how Atikokan was necessary to lift the economy of the northwest, I wonder if the northwest knows that the board is contemplating letting half of the lift go down the drain.

Mr. Chairman of Hydro, Mr. Chairman, members of the committee and you, Mr. Minister, surely you find it absurd to forge ahead and spend billions of dollars of scarce capital funds, when Hydro has so great an excess of generating capacity beyond the 25 per cent reserve necessary to maintain a reliable system that is able to meet any growth in the peak load.

I acknowledge that the peak load this year exceeded 17,000 megawatts for the first time, but you have the capacity to cope with that. So there is no need to build new facilities to meet that peak load or any unforeseen reversal of the trend—and that is not going to happen overnight. I will come back to that in a minute.

On May 15, Mr. Nixon put on the record in the House a quote from Larry Higgins, a man for whom I have profound respect. He led a relaxed existence of peace of mind until the mid-1970s, and has had a hell of an existence ever since. Larry Higgins was quoted in the May 1981 issue of Canadian Renewable Energy News, and I will read this statement from Hansard just as Mr. Nixon put it there:

"He says, 'The position taken by the Davis government'—and this is a direct quote from Larry Higgins—"sort of puzzles me. If there isn't a market for it"—and there ain't a market for it—

Mr. Macaulay: Is that a direct quote?

Mr. MacDonald: No. I am interjecting.

Mr. Macaulay: Oh, I see. I did not know when you were ending the quote.

Mr. MacDonald: I will give you the direct quote without any interjections on my part.

Mr. Macaulay: That would be helpful.

Mr. MacDonald: "If there isn't a market for it, then I wouldn't be enthusiastic about expansion. The mandate is to make the people of Ontario as well off as possible. Just simply building nuclear plants will create a few jobs but, if the demand isn't there and there isn't a reasonable certainty that it will be there, until that happens it probably shouldn't be built."

That is a fascinating voice from within Hydro, the voice of common sense compared to the

rhetoric that Hydro, I sometimes think, is pushed into unduly by the government, which is really leading the pack on this issue.

Mr. J. A. Reed: I hope that did not send Larry on a sabbatical.

Mr. MacDonald: No.

The simple truth of the matter is that the Hydro system expansion program is fully capable of meeting future electrical energy needs. It is argued that those of us who are being critical of Hydro's expansion program are unmindful of the tragic industrial and social consequences which will flow if we have a shortage of electricity.

We have the capacity to generate 4,000 megawatts of surplus excess capacity, more than the potential of Darlington. Acceleration of Darlington simply means that the burden of the costly excess generating capacity, instead of being phased out during the 1980s in accordance with Hydro's stated policy of a year or so ago, is going to be prolonged into the 1990s.

Mr. Macaulay: Excuse me, could you say that again? I am not sure what you are saying.

Mr. MacDonald: Yes. The statement of policy given to the select committee in the early part of the 1970s was that Hydro was cutting back on its expansion program—it was mothballing in some instances and cancelling—so that it could phase out this excessive burden of excess generating capacity which is sitting idle.

Mr. Macaulay: I think that is your interpretation of what was said. I am not sure we said that this was an excessive burden or described it that way.

Mr. MacDonald: Fine. I am describing it as an excessive burden. Anybody who has 4,000 megawatts of idle capacity sitting there and cannot market his product has a burden. Somebody has to bear the cost of it, and we know who is bearing it. It is the consumers who are bearing it. If the load growth continues to drop, that excess generating capacity is going to carry well into the 1990s, conceivably into the next century.

Let me put this into more specific terms. Under the accelerated program, Darlington will be completed during the years 1988 to 1990. But on the basis of the 1980 load forecast, that is, last year's load forecast, Darlington's power will not be needed until the years 1992 to 1995. The four units will be required on the system. With the further drop in the load forecast of 1981, the last unit of Darlington's power will not be needed until the years 1996 or 1997 on the basis of this year's load forecast.

In fact, if the long-range forecast drops into the two per cent to three per cent range, as the select committee concluded and as the load growth for the past three years confirms—I repeat, it was 2.9 per cent last year; it was 2.7 per cent the year before; and in 1980 it was down to 0.8 or less than one per cent—if that continues, Darlington's power will not be needed until the years 1996 to 2004, until 2004 for the fourth unit.

There was some legitimate excuse—and this is where I suffer with Larry Higgins and the problems he has had to live with—for Hydro's being caught with an oversized system in the 1970s, when the load growth was unexpectedly cut in half over a period of about five years from the traditional seven per cent down to 3.4 per cent. But, as the drop in electricity demands results in lower annual growth and as we move into the 1980s, there is absolutely no excuse for continuing to build for an oversized system, especially when we have enough excess generating capacity to meet either peak-load increases or any reversal in the drop in the load growth. The result can only be unnecessary capital expenditures and, therefore, an added burden on the consumers. I repeat, Hydro's capital requirements this year are a cool \$2.3 billion, most of which is for completing that nuclear system.

I do not know whether the minister wants to respond to that basic point. I think that is the key point. The tragedy is that that was the key point the select committee was looking into, and now the select committee has gone the way of a lot of things, or many things, with the return of majority government. I want to come back to that in a bit more detail later.

Mr. Chairman: Mr. MacDonald, we have Mr. Reed and three other speakers who wish to talk.

Mr. J. A. Reed: Mr. Chairman, I could perhaps save time, with the permission of the chair, by merely adding a few comments to Mr. MacDonald's statement. He has summed up the whole business of capacity and growth very succinctly, and I would be repeating.

Mr. MacDonald: I trust accurately too.

Mr. J. A. Reed: And accurately. There are a few additional anomalies I would like to mention, things we find very difficult to understand.

One is the observation that if we added upwards of half a million heat pumps tomorrow morning to the system, if we electrified the Windsor-Montreal corridor tomorrow morning, and if we electrified GO Transit tomorrow morning, we would add a demand on the system

of not more than half the surplus that exists over and above the reserve. When one contemplates some fantastic move into growth in electric power consumption, one has to look at that reality, I believe. That counts in no way for any kind of peak shaving, load shedding, interruptable power interruption and so on.

Mr. MacDonald: Or interchanges with the rest of the continent.

Mr. J. A. Reed: Sure. That is all above that magic four hours that occurs once a year at some time—we do not know when.

Another anomaly, or another factor in the situation, is the increased consciousness of the electric power distributors about the subject of conservation. I am sure that Ontario Hydro and the ministry are aware of the Ontario Municipal Electric Association resolution that has been passed, calling on the government to give the same emphasis to conservation that it gives to increasing generating capacity. OMEA knows something that many of us know and recognize, and I believe most people inside Ontario Hydro realize it too, namely, the cheapest kilowatt of electricity will not come out of Darlington; it will come out of conservation. The capacity for conservation is a capacity greater than all of the plans for Darlington. That we know. OMEA endorses that.

It is unfortunate that the Premier (Mr. Davis) did not acknowledge that the other day in the House when I asked him the question. He is stuck, I think, with the position he has taken. He has to somehow try to skate his way through this announcement about completing Darlington earlier—at least, if I read the news reports correctly.

I saw that when the Premier announced it, the chairman of Hydro said, "Oh, no." Then the Premier said, "Oh, yes," and the chairman of Hydro said, "Oh, yes." I suppose it has presented a problem for the Premier. If we all have our wits about us, we still know that the capacity for conservation, or the generating capacity that can be gained through conservation, is enormous and is cheaper. We are just not paying attention to it at all.

The other anomaly in the thing is that you have announced the speed-up of the completion of Darlington. Just before that, you announced an enormous commitment to scrubbers in our fossil fuel generators in order to reduce or eliminate, if you like, the emissions that cause acid rain. If you are completing Darlington to combat acid rain, why are you committed to the

scrubbers? If you are completing Darlington for some other reason, why do you not come out and say so?

My opinion is that it is simply a government corporate welfare project. I warn Ontario Hydro and the government that, in doing that, you are sowing the seeds of the death of the nuclear industry in Ontario simply by inflating the activity bubble to such an extent that at some point, should the projections of growth continue as they have been going, this inflated bubble will dictate that there be a huge gap in the nuclear program. The electric power consumers of Ontario cannot sustain the subsidy that is continually being put into the nuclear industry through the surplus growth.

At some point, that bubble will break. When it does it will be a very unfortunate circumstance. The continuity in the nuclear industry, in the activity, will be lost because there will not be another Darlington to build, or another two Darlingtons, and so on. You are sowing the seeds of your own destruction through this kind of decision.

Perhaps, in conclusion, I should comment that that decision was, in my view, one of two acts of direct interference by the government in the last six months in the day-to-day affairs of Ontario Hydro. If it was a policy directive that had initiated those decisions by Hydro, that would have been one thing, but there is no energy policy being transmitted to Hydro, no energy policy which Hydro can see as a framework within which to operate. And it is unfortunate because Hydro is put at a terrible disadvantage and is taking a lot of unnecessary political heat.

The other incident refers to a letter of December 15 from the chairman of Ontario Hydro, when he told the minister not to proceed with environmental assessment work on the western corridor system until after the government had commented on the Porter commission report which was some months old at that time. Those comments have never been made public. Perhaps one may ask if the government has them prepared, how long ago have they been prepared and been sitting within the recesses of the Ministry of Energy, waiting for an election to be completed so that the bad news could be sprung at some time.

I am wondering if this interference, which is obviously at odds with Ontario Hydro's best judgement, is impairing Ontario Hydro's ability to function and will succeed in adding to the cost of electric power to the consumers of Ontario.

Hon. Mr. Welch: We have had two very thoughtful presentations and I would like to reserve some time to comment on some of the statements made. Perhaps the chairman of Ontario Hydro might take this opportunity to give some response to some of the matters and then I could follow up on some of the general policy matters.

Mr. Macaulay: Thank you very much, Mr. Minister and Mr. Chairman. Mr. MacDonald and Mr. Reed have covered so many points it is hard to know exactly where to start. I know there are other members of this committee who would like to ask some questions and make some observations, so I will try to be reasonably brief.

First of all, I would like to respond to the point Mr. Reed raised, that the Premier said, "Advance Darlington" and the chairman of Ontario Hydro said, "No". Then the Premier said, "Advance Darlington" and the chairman of Hydro said, "Yes."

Mr. Reed has had vastly more experience than I have with the effectiveness and accuracy with which extemporaneous comments to various groups are recorded. I was speaking to the Oshawa Scottish Rite Club, a very fine community and a very important organization. At that time, they had some considerable interest in the schedule of Darlington because of the proximity of that project to that community.

Having been involved in the process of planning that project in Hydro now for a couple of years, I recognized that in the light of the complexities, upon which Mr. Jackson is quite competent to comment, and I will ask him to do so later, there was perhaps an expectation in the community surrounding Darlington that if the government asked Hydro to advance the construction, this would bring it into operation in two or three or five years. In fact, I had had several people from the community, Newcastle and Darlington generally and elsewhere, say to me, "Does this mean that Darlington is going to be producing electricity for the grid by 1985 or by the mid-1980s?"

11:20 a.m.

In that speech I said, "I hope there is no misunderstanding of the difficulties involved in bringing that project on line because, in view of the lead time necessary, the engineering that needs to be done, the relationships in engineering between ourselves and Atomic Energy Company Limited" — I know Mr. Jackson could give a half-hour speech on the subject but we do not

have the time—"we are not going to be able to advance it in a major way that would be viewed by some as cutting the time in half."

That speech, I regret to say, was reported later as being my repudiation of the government's policy. I think the minister knows me well enough to understand that if I were going to take that step I would have had some discussion with him on the subject. At no time was there any attempt on my part to indicate that there was opposition, either on my part or on Hydro's part, to the government's suggestion—in fact, the government's program—which included in part of it the advancement of Darlington.

You have raised the question of whether this indicates interference with the utility and is a bad thing for Ontario. All I can say to the honourable member is that in this very forum a year ago and in other forums elsewhere, he has been saying, "Why don't you guys get your act together? You are going one way and the government is going another way." Now he is saying the government is running Hydro. He is going to have to decide which way we are going.

Mr. J. A. Reed: Perhaps I have a point of privilege here, Mr. Chairman. I should make it clear to the chairman of Hydro—and I stated it again just now—while I did say, "Why don't you get your act together?" and called for the government to produce an energy policy and for Hydro to accept that policy, you are confusing an interference in the day-to-day operations of Ontario Hydro with government policy.

The private member's bill which I brought into the Legislature two years ago, an Act respecting the Public Accountability of Ontario Hydro, stated specifically that the Energy Act would be amended so that the government would be charged with producing an energy policy, and that the Power Corporation Act would be amended to allow Hydro to accept that policy and take it as a framework and a guideline within which to work.

Mr. Stokes: It is an interesting point, but it is not a point of privilege.

Mr. J. A. Reed: I suppose it is a point of view.

Hon. Mr. Welch: That is a Stokesism.

Mr. J. A. Reed: I just want to remind the chairman of Hydro not to compare apples and oranges on that business of government involvement in Hydro.

Mr. Macaulay: Thank you, Mr. Reed. I will not labour the point that the setting of the schedule for the construction of Darlington

seems to me a pretty substantial policy matter and it was part of a government enunciation which seemed to me to be in the policy area.

However, to go to the broader points that have been raised, there are two or three quick points I would like to make with respect to Mr. MacDonald's comments and Mr. Reed's. Then I will ask Milan Nastich, my colleague on my left here, who is president of Hydro and knows a lot more about these things than I do, to comment.

First of all, I think everybody on the committee is aware that government introduced some rather stringent regulations—at least, I will editorialize; maybe the government did not say it was stringent, but I do—with respect to acid gas emissions which are going to have a very significant impact on the system operation of Ontario Hydro for many years to come, and at a very substantial cost.

So an attempt is made to balance the various considerations with respect to the future planning of the system which have to do with the environmental considerations of acid gas emissions and other factors involved, of the currency or obsolescence of plant—and we have now been generating electricity by means of coal for many years and some of our plants are getting a little on the elderly side—with the fact that we will never generate in any significant quantities, and probably very shortly in any quantities whatever, of electricity by means of oil.

When the honourable member refers to our capacity, there is sometimes confusion as to what capacities will be available that will be useful, economic and environmentally desirable five, 10, 15 or 20 years from now when the system will be responsible to you, me, our children and our grandchildren for seeing that there is an appropriate amount of electricity available to us at an economic price.

I suggest that while Mr. MacDonald and Mr. Reed have a point of view that is well worth discussing and that has been discussed in great length in that select committee's deliberations and elsewhere, in the long run the utility has a responsibility to function within the boundaries of government energy policy in order to be sure that there will be enough electricity. The contention by the two previous speakers, I think, is that there is going to be too much more than the surplus we would want to have if we could plan it precisely.

I would like to offer a suggestion to you. If you can make precise predictions about the situation in 1990, taking advantage of a look back 10 years to what happened between 1970

and 1980, then we will ask Larry Higgins to move over and you can come and sit beside him. The precision with which those numbers have impact on those projections gets pretty blurred when you start looking 10 years down the line.

I would like to suggest that the difference between a range in demand increase of two per cent to three per cent, as predicted by the select committee, and the current Hydro forecast of 3.1 per cent involves a matter of decimal points that really is not significant in terms of this discussion, except for the fact that for us to say 3.1 per cent is probably just as risky as for you to say that it is not going to be any more than three per cent.

I would like to suggest, too, that three major ponderables have gone into this, quite apart from the judgements that were made when the oil-fired plant at Lennox was originally committed, which was, what, 15 or 20 years ago?

Mr. Niitenberg: Late 1960s.

Mr. Macaulay: I do not know what speeches you were making on the price of oil in those days, but any thoughts I had on the subject have no relevance whatever to what is going on today. I suspect that is true of all the people in this room. We are not going to produce any electricity out of that plant. We have a number of coal plants that are getting on in age.

Mr. MacDonald: Which are they? Which ones are you going to mothball and phase out?

Mr. Macaulay: You have to appreciate that there are a lot of people involved in this process. If I start making categorical statements to you about what we are doing or what we are committed to doing when we have not made that commitment, that is unfair to the process and unfair to the people involved. I think you can appreciate the significance of what I am saying.

Even in my relatively few years in this organization, I can see that down the road we are facing that kind of situation. In addition, the economics of the production of electricity are such that—and I might ask Mr. Niitenberg to comment—comparison between coal and nuclear power has reached the point because of the continued escalation of the cost of coal, with which you are well familiar, where I think it is true that if we were given the coal plant the cost comparison between coal and nuclear power would be at about the break-even point. Isn't that true, Mr. Niitenberg?

Mr. Niitenberg: Yes, it has shifted towards a lower capacity; in fact, a break-even point.

Mr. Macaulay: I guess what he is saying is, yes, that's the case.

Who would have predicted that in 1970? Are you saying we should stop building nuclear plants or cut back or slow down or do whatever you recommend because you can say for sure that between now and 1990 that pattern is not going to carry on? If you extrapolate the coal-cost figures, they become astronomical, as you and I both know.

The other thing you cannot predict—I do not think anybody here can accurately predict it—is the impact of substitution. I agree with Mr. Reed. Thousands of people are not going to go out and buy heat pumps tomorrow morning. But who is to say with any degree of accuracy the precise amount of substitution that will take place between now and 1990 and what the impact will be as oil costs go where we see them going?

11:30 a.m.

The other factors in our situation are the state of the economy and the degree of expansion of the economy, the factors of inflation and the American market situation, all of which are lines on the graph that are moving around in a variety of different directions.

I have one other thing and then I will ask Milan Nastich to comment. I am not sure Mr. Reed intended to say exactly what he said, because it was at the end of his comments on our conservation activity, but we are heavily involved in conservation and heavily committed to it. I think I said to Mr. MacDonald at the time the select committee was discussing this subject that conservation is a state of mind. It certainly needs money but it also needs commitment, and a lot of the commitment is as important, or perhaps more important, than the dollars.

Mr. Reed said—and I wrote the words down when he said them—that Hydro is “not paying attention to it at all.” You and I can argue about the proportions of concern and dedication.

Mr. J. A. Reed: With respect, I did say that, but I believe I said it in connection with the Ontario Municipal Electric Association resolution which called on the government to give equal emphasis to conservation.

Mr. Macaulay: No, it called on Ontario Hydro.

Mr. MacDonald: The state of mind will be augmented if there is a bit more financial muscle put behind it.

Mr. Macaulay: We can certainly debate what proportion of our attentions should be devoted to what, but I would like to ask Milan Nastich if

he would comment on this question of capacity and some of the factors that are on the Hydro system plan as of this moment.

Hon. Mr. Welch: Mr. Nastich is the president of Hydro.

Mr. Nastich: Can you hear me?

Hon. Mr. Welch: You are being recorded.

Mr. Macaulay: You are going down to posterity.

Mr. Nastich: I would like to comment on some issues that Mr. MacDonald and Mr. Reed brought up: the factors in capacity additions, the question of load growth, Atikokan and conservation.

The fundamental issue that neither Mr. Reed nor Mr. MacDonald mentioned is dollars. I want to go back to an industrial analogy. Every kilowatt that we have on the system is not exactly the same. A kilowatt produced at the Lennox generating station is considerably different in cost from one at Pickering, so much so that when you look at it under certain circumstances, it makes sense to build a new plant which can produce electricity that is so much cheaper than the old plant that you should do it.

When you look at capacity additions, you simply do not look at adding a Darlington on top of all of the loads. Darlington displaces load. Darlington's factors of cost are so much lower that you can save millions of dollars by building Darlington and relegating Lennox, Hearn, Keith and perhaps even Nanticoke to a secondary role.

You can argue—and we have had arguments both at the select committee and in public—as to the economics, how you factor that in and what kind of figures you use. The system planning people presented to your select committee, Mr. MacDonald, a comparison that showed the costs in economics between a nuclear and a coal-fired station. You will recollect that at discount factors of 20 per cent and at a very low load growth, two per cent, it is still economic to go nuclear and replace coal. That is one factor. When you look at this capacity thing, I really plead with people to forget using a unidimensional attitude towards why we build capacity.

Mr. MacDonald: Could I put in a question there?

Mr. Chairman: I think we are at the point where the opposition critics have put in enough observations, comments, questions, supplementaries and interjections to take us well beyond

the time allotted for this. There are five other speakers who have indicated they would like to get on the record in one form or another.

Mr. MacDonald: On a point of order and a point of privilege, Mr. Chairman: This just proves that this forum is totally inadequate for our purposes. The proposition that Ontario Hydro come before this committee for a two-and-a-half-hour period once a year takes us back to the days of the old standing committee on government commissions, when Hydro came once a year and Eddie Sargent made his usual attack on the differential between rural and urban rates.

Mr. J. A. Reed: A very legitimate attack.

Mr. MacDonald: A legitimate attack. Even the government is now facing it.

Mr. Eakins: The differential is still there. Perhaps it has even widened.

Mr. MacDonald: This is hopelessly inadequate. I hope some time before the end to make some remarks with regard to the select committee or an equivalent to it to meet this very great need.

Mr. J. A. Reed: Mr. Chairman, I would like to echo those remarks. I have already discussed with the minister the desirability of having a continuing forum, perhaps not exclusively for electricity, but for the very high-profile subject of energy as a whole. As long as you maintain this limited two and a half hours of repartee and exchanges of wit each year, we will always be able to ask what are you hiding, how much are you hiding and why are you hiding it?

Mr. Eakins: I have not witnessed the wit.

Mr. J. A. Reed: My intention was to compliment the other members here.

Mr. Chairman: This is the forum we are using now, and I have to direct it as best I can. Your comments about its adequacy are noted, and we will have to carry on.

Mr. Foulds: Actually, the minister did not reply to my query about the re-establishment of that committee during leadoff, which is kind of interesting.

Mr. MacDonald: I hope we can have a bit of a committee or an alternative forum before we get to the end. I know my colleague has five other things to discuss, and I was only halfway through what I wanted to say.

Mr. Nastich: I will leave that issue of capacity additions, except to say that it saves money for the people of Ontario to carry on with Darlington and displace other energy. You can do that

at tremendous ranges of load growth and discount factors. You can disbelieve those studies if you like, but they are done by professionals and I believe them.

I think that the attitude towards load growth estimates by Hydro is somewhat contradictory. We had 65 years of very good records and had fallen into the sin of pride. So we made errors. I suggest that perhaps some on the select committee should also contemplate that your record of being right in the last five years may turn out to be wrong just as ours was. I say that very seriously because our chairman's points about uncertainty in the future are valid. Larry Higgins, for whom you have lot of respect, thinks it is about 3.1 per cent. You cannot just select the pieces of Larry's testimony where you think he is right.

Mr. MacDonald: Two years ago he thought it was 4.6 per cent and a year ago he thought it was 3.4 per cent. Now it is 3.1.

Mr. Nastich: That's right.

Mr. Macaulay: You cited him, and we are responding to that. That seems to me appropriate.

Mr. MacDonald: But that's not the full picture. He has changed his opinion. He has gone from 4.6 per cent to 3.1 per cent in two years.

Mr. Nastich: Mr. MacDonald, some of your figures are not quite the same as those I have. When I heard your load growth figures, I asked Mr. Niitenberg to check. At two per cent load growth and at the discount factors that I mentioned of up to 20 per cent, which is very high, it is still economic to carry on with Darlington. Unless it goes to less than two per cent, Darlington will be producing electricity by 1988 to 1990, and it will be displacing something else to the cost benefit of the people of Ontario. That is simply the issue I want to make.

Mr. MacDonald: That is something I would like to argue. On oil, yes, I have no argument at all. But on coal, I would like to argue.

Mr. Nastich: On the issue of Atikokan, I will be brief. The load growth estimates have not changed in light of what we see happening in the northwest region. We are looking at the cheapest way to produce the 200,000 kilowatts from 1988 on to about 1992. One option is a possibility of buying hydraulic power—renewable energy—from Manitoba.

Mr. MacDonald: What about a few years ago when you decided to build Atikokan?

Mr. Nastich: That is right, but we rejected the decision and we are going to look at it again. As we look at the options available to us, when we come to a point of decision it is our responsibility to ask ourselves what is the best now. We cannot do anything about two or three years ago. We made bad judgements or incorrect judgements, or factors changed.

Mr. Macaulay: Or good judgements.

Mr. Nastich: That is right too. I accept that.

11:40 a.m.

Atikokan is not being looked at in terms of a load growth change, but in terms of choosing the best of three options—Atikokan, building transmission lines or taking the hydraulic power from Manitoba. I take full credit and responsibility for insisting that we look at that decision again. One might not want to proceed with Atikokan for developmental or a whole host of other reasons.

Another factor that has come up in Atikokan is that under the new guidelines from the federal government on acid gas emissions, we would probably have to put scrubbers on those units, which would add to the cost. As soon as you have extra cost on the station, you ask yourself if it is still the best decision.

Mr. Stokes: There is always cost to political decisions and that is a political decision.

Mr. Nastich: Mr. Stokes, our people did an analysis of Atikokan. On the assumptions they made, they found the decision was justifiable on economic grounds. Since that time, the costs of Atikokan have increased radically and might well increase even more with scrubbers. When one runs into that type of situation, one has to look for another way of doing it that is feasible. It may turn out not to be feasible to change.

Mr. Macaulay: There is also the option of the timing of the two units. As you know, there are two units.

Mr. Nastich: We are talking about the second unit.

Mr. Macaulay: So there is an attempt to examine it in its most flexible state.

Mr. Nastich: I want to put as a fundamental that as managers working for the people of Ontario we have to make our decisions on the data that is available to us at the time we make the decisions. Frequently, we have sunk costs; we have made decisions in the past that we have to live with. The decision has to be to do what we see now as best.

We have written off Wesleyville because it

looks as though over the next 15 to 20 years we will not be using residual oil as a form of generating electricity. We take the decision and we carry it out. It may turn out, 20 years from now, that huge pools of oil will be found and residual oil will cost \$1.80 a barrel, in which case, some committee somewhere will say we should not have done it. But we take our decisions with the best data we have at the time.

Regarding conservation, I just want to make the point that I am convinced it is effective in energy supply and that we are doing what we can to promote it. The residential energy advisory program, REAP, initiated by the province, and the programs of the federal government are all moving in that direction, and we are trying to do our bit.

In so far as the switch not taking place, I hope we do not consider 1980 and 1981 as typical of the 1980s. They are years in which there have been unsettling events. There has been high unemployment as well as bad economic conditions. In addition, the federal government has delayed in getting on with its program to help conservation.

The gas people will tell you that as soon as the federal government announced its program conversions from oil to gas stopped. There were enormous numbers of conversions until that program was announced. Since details were not given at the time, everybody, including myself, said, well, I am not going to move on that until I know whether I will be able to get the \$800.

Mr. MacDonald: Darcy McKeough says there will be 42,000 this coming year. That is twice what you are going to get converting to electricity, and I think your figures are inflated.

Mr. Nastich: For whatever reason, it has been an unsettled time. As these programs begin and the funds come on, I think you will find the switch taking place.

However, the main point I want to make is that Hydro management is looking at its decisions and re-evaluating continuously. In the United States and in Europe, they have built oil plants and now have to do something about them.

With regard to the capacity position, when you take that reserve, remember it includes 2,000 megawatts of Lennox oil-fired generation which you really would not want to use. When you say we have all that reserve to use if the load grew, it is there as a combustion turbine type of generator, but it is not the one you want to burn for very long. Therefore, it makes economic sense to go to nuclear.

Mr. Macaulay: Mr. Chairman, I think that concludes our general response. We would be happy to respond to any other questions or observations that might be made.

Mr. Lane: I guess my very small question is redundant after listening to my colleagues expound on how much excess surplus power we have or will have in the future. I am one of those fellows who lives in the great north part of this country where we have concerns when the cost of power is going up. We are told to conserve it and preserve it and so forth; yet we see a fair amount of unharnessed energy in the way of water power in various places across northern Ontario.

I do not suppose this means a great deal to the total requirements of Hydro, but it could mean some peace of mind if we had some feeling of expression from Hydro as to what, if any, potential unharnessed water power has in Hydro's future programming. Are you sympathetic to it? Is there any way the private entrepreneur can harness it and sell it to you people, or are you prepared to do anything with it?

I know in my own riding I have one place called Kagawong which provided all of the power we used on Manitoulin some odd years ago. Now it does not provide any power at all. I fly over the north country quite a bit and see a number of situations like that. I would just like to have some comment. I have had some discussion with my friend Mr. Reed across the way. My question is what is Hydro's attitude?

Mr. J. A. Reed: Mr. Lane and I should form a coalition.

Mr. Macaulay: Mr. Chairman, I would like to ask our executive vice-president of planning and administration to give us a response to that in a very brief form. Mr. Niitenberg.

Mr. Niitenberg: The answer is that we are looking to have the capability of bringing in about 2,000 megawatts of peaking hydraulic by the year 1995. We are doing active investigation at about 16 sites, ranging up to about 120 megawatts on a river. The program is on schedule. I think we could issue the report if anyone is interested in some of the details.

Mr. Macaulay: We would be happy to provide you with details of where those sites are and what they involve, the sites we have looked at and the sites we are going to look at.

Mr. Lane: The only response I would have is I hope a good number of them are in northern Ontario.

Mr. Niitenberg: Most of them are.

Mr. J. A. Reed: Do you know what kind of help Hydro would be prepared to give to a private entrepreneur to restart as a private operation some of those plants it has abandoned? I mention Kagawong as a specific example. I have been through that plant a couple of times. I have a set of draft plans for it. With a new penstock, it could be a very functional power plant.

What kind of entertainment would Hydro give to facilitating the restart of that and, if Hydro could not handle it, to put it in Mr. Lane's hands, say, or whatever?

Mr. Macaulay: If I may just offer a thought or two, first of all, to whom? That is the first question that has to be answered.

Mr. J. A. Reed: A private company.

Mr. Macaulay: I realize that, but that is a general term. You have to be specific, as you know.

Secondly, Hydro does get involved in providing technical assistance to those who have hydraulic operations. Thirdly, the question of funding those is within the boundary lines of government energy policy. I would defer to the minister on that matter.

Hon. Mr. Welch: We have already discussed, prior to this consideration, the microhydro power document.

Mr. J. A. Reed: Yes, but that does not involve funding.

Mr. MacDonald: Those in that document are supplementary to and in addition to the 16 sites that are being considered by Hydro, am I not correct?

Hon. Mr. Welch: No. This does discuss the procedures for approval but, as Mr. Reed points out, it does not include the question of funding. It is just to facilitate and clarify the procedural matters.

Mr. J. A. Reed: All I am getting at is that there are some plants around and some that I know Hydro is not interested in. It is under two megawatts; it is stuff that it costs you \$100 to change a light bulb in the way you fellows operate, but a private entrepreneur can do it for \$1.98.

Mr. Macaulay: If we paid for it.

11:50 a.m.

Mr. J. A. Reed: I am just asking. I have witnessed the destruction of more water power since I have been here than one can imagine. I am not going into detail; we do not have time to do it. The fact is that you fellows do own some of

those sites. I know, for instance, that Eugenia Falls needs a penstock by 1985. It is only three megawatts. What are you going to do with that one? Is there not room here for Hydro to work with a private entrepreneur to make this stuff work?

Mr. Macaulay: Yes, there is. There are really two basic things Hydro can do under established policy up to this point. One is to get out of the way and the other is to help technically. Beyond that, there is no policy within which Hydro can function at this stage, where it would provide funding to those who would operate hydraulic installations which Hydro did not operate or have anything to do with.

Mr. J. A. Reed: No, we are not asking for that.

Mr. Macaulay: I am not suggesting I am enunciating government policy. I do not know what the minister can say.

Mr. J. A. Reed: I am just thinking of the stuff you own. In the past you have closed it down and blown it up, and so on. What are you going to do about it in 1982? Are you going to put it up for sale?

Mr. Macaulay: We are going to have to take it one site at a time. I do not know whether you want to add to that, but we just take it one site at a time to determine what the economics are for you and me and all the other eight and a half million consumers in Ontario and what the environmental considerations are and all the other things.

It is pretty tough to generalize but, as those occasions arise, we have to deal with them on that basis.

Mr. Nastich: I would just like to add to that point on the environment, Mr. Chairman. I think, Mr. Reed, we are going to find a lot more environmental opposition to hydraulic stations, once we get specific and away from the generalities. We have two study teams looking at that now, one at Little Jackfish, which is just north of Armstrong.

Hon. Mr. Welch: Could you repeat that?

Mr. Macaulay: Yes, for Mr. Stokes' benefit.

Mr. Stokes: Had I got on, I was going to mention that specifically.

Mr. Macaulay: It is very much in the works, we would like to point out.

Mr. Nastich: We already have had communications from the native peoples in that area indicating their strong concern about it.

Mr. J. A. Reed: I am only referring to existing impoundments, to existing plant facilities. I am

referring to stuff where the bricks and mortar are either in or have been in. I am not talking about new sites that have to be subjected to environmental assessment. It is something I agree with 100 per cent.

Mr. Nastich: Even for existing sites—

Mr. J. A. Reed: What about my friend from Fenelon Falls? There is a megawatt of power sitting there going over the dam. It requires virtually no environmental assessment to restart that site. Part of the penstock is still in existence. The thing is plugged up with rubble.

I am not going to start naming them. I can name them if you like.

Mr. Niitenberg: Just to make a point, in our work programs for the next few years we have an upgrading program of existing hydraulic sites, as you mention. I cannot tie in the specifics, but we expect to upgrade 12 units in seven plants over the next two to two and a half years, and that will give us another 84 megawatts estimated from the same amount of water. This is in addition to looking at the new hydraulic plants.

So we do have an upgrading program. I spoke a bit about it last year too. In the previous four years, we managed to get about 74 extra megawatts from upgrading runners and getting more efficient hydraulic units.

Mr. Macaulay: I think the number over the current three-year period is something like 200 megawatts.

Mr. Niitenberg: Yes.

Mr. Chairman: We have about five more speakers. Perhaps if the next three I have—Mr. Riddell, Mr. Foulds and Mr. Stevenson—are in agreement, as we have about 15 minutes, if they were to agree to take three minutes each, then we would have the minister or the chairman respond to all three.

Agreed to.

Mr. Riddell: I will be very brief, Mr. Chairman. I am a little surprised at the limited time allotted to the consideration of these estimates. Maybe it is by reason of that fact that most of the discussion has centred on electrical generation, particularly nuclear generation and capacity. Very little of the discussion has focused on the dangers of the byproducts of this nuclear process.

I have sat here and listened to the platitudes about how wonderful it is that we are producing surplus electricity for our children and future generations to enjoy, and so on. But I am wondering whether 50, 75 or 100 years from now

those future generations are going to thank us for the dangers involved in the nuclear generation of electricity, the dangers to the environment immediately surrounding the places where these plants are established, the dangers connected with the byproducts which have to be stored away somewhere and that have an active life of half a million years, or something like that.

Why has so little attention been focused on this particular aspect of the generation of nuclear energy?

Second, I have heard a lot about the Darlington plant and not very much about the generation of electricity from Douglas Point. I understand that plant B, I believe it is, will be coming on stream in 1983. But to this time, there is no way of distributing that electricity. There are no transmission lines to carry that extra electricity. It seems to me the assessment of these power corridors was curtailed at the end of last year in order that the ministry could give further review to the Porter commission report.

Mr. Minister, I am wondering when you are going to complete your study of that report, when you are going to start an environmental assessment of the power corridors, and when you are going to allay the concerns of the OMEA about getting a corridor established which can carry the electricity that will be coming on stream from plant B at Douglas Point.

To be short, these are my two concerns right now. What are your comments on the byproducts of the nuclear generation of electricity and the dangers they are going to present to our future generation of people? When are you going to start the assessment of the power corridor at Douglas Point and get some transmission lines established to carry this extra electricity which is going to be coming on stream?

Mr. Foulds: I have several major concerns and I will have to take my full three minutes to express them.

I would like to know if there is a definite date yet for the tabling and publication of a letter of understanding between Ontario Hydro and the Ministry of Energy and/or the government and which has been so long in the works.

Two, I would like to know if Hydro has been contacted, or was contacted at all, by the Minister of Natural Resources (Mr. Pope) with regard to that ministry's development of the strategic land-use plan in northwestern Ontario? I was shocked, if I might editorialize, when I read of the strategic land-use planning, to realize there is no mention of Hydro use at all,

either for possible projected disposal of nuclear wastes, which has been one of our most contentious issues in that part of the province, or for additional generation on rivers or streams, or for transmission lines. I was really quite surprised.

So I would like to know if Hydro was contacted, and what input or interaction, if any, there was.

Three, I would like to know—and perhaps I could pursue this further in correspondence with the chairman and the president—if there is any thought being given at this time to changing some of the policies with regard to new electrification in rural areas? That has to do with the whole business of units required for extension.

It has been brought to my attention because within a 20-mile radius of the city of Thunder Bay, over the last four years, I have had groups come to me who wish to have electrification for their areas, but because of the present policy, the cost is prohibitive to them as individuals.

12 noon

Four, I would like to know what has delayed the construction and therefore the completion of the Thunder Bay generating station. There have been a number of delays which have not been planned, structural delays that have had to do with the construction program there. This is probably an unfair question to ask but in hindsight, would Hydro consider it would have been better to have had Hydro's construction division do the construction right from the beginning rather than the mixed program that was involved there?

The last item is in fact a comment I would like a response to. If Hydro and the government are now going to argue that Darlington will be, at least to a major extent, a replacement of current capacity, surely in the development of that argument there is an obligation to indicate what it is going to replace, and to do that while that argument is taking place, i.e. now or in the very near future.

Mr. Stevenson: I want to make a brief comment on rural hydro rates. I have discussed this with the minister and with Ontario Hydro, as well as many other people, some of them members of the House.

My comment is that for many years now we have had this approximately 30 per cent spread in the rural and urban hydro rates. I accept the fact of the high original capital cost of servicing rural areas, and I accept the continuing extra cost involved in servicing those areas. My point

is that most of the recent capital funding is much greater than that required a number of years ago to service the rural areas, and most of that has been in place for some time. As one looks at today's inflated dollars relative to the cost at that time, the portion of the capital cost in rural areas must be minimal today.

Much of the recent capital spending has in fact been done to service urban areas and not rural areas, because it is in the urban areas where the tremendous growth and need have developed. So if the spread of some approximately 30 per cent existed a number of years ago, it seems clear to me that that spread has been gradually decreasing. Whether it should be 10 or 15 per cent or whatever I have no idea, but I would express my concern that that spread has been maintained and urge you to get on with the job of making the decisions required to get that spread decreased.

Mr. J. A. Reed: There is a seat for you over on our side.

Interjection: We just picked up two more seats this afternoon.

Mr. Stevenson: I am quite happy where I am, thank you.

Mr. J. A. Reed: It is nice to get some philosophic togetherness.

Hon. Mr. Welch: Perhaps I could touch quickly on some of the matters which the last three members have referred to in so far as the ministry is concerned, and then ask the chairman of Hydro to pick up on the others.

Working in reverse order, the rural hydro rate differential has been commented on recently once again in the House. The commitment of the government remains, as it was announced last fall by the Premier (Mr. Davis), to—

Mr. Riddell: Eliminate.

Hon. Mr. Welch: —the reduction of—

Mr. Riddell: No, no; the word was eliminate.

Mr. Macaulay: May I comment on that, sir? I will quote it to you.

Hon. Mr. Welch: It seems to me that it might be—

Mr. Macaulay: The Premier, when he announced it in the Legislature, if the member will go back and look at Hansard, said "reduce."

Mr. J. A. Reed: The budget says "eliminate."

Mr. Macaulay: I am not aware of what the budget said, sir. I have heard this said in other places and I would like to emphasize that Hydro's understanding is based on what the

Premier said publicly in the Legislature and the minister then communicated to us by letter; that is what we are doing, and that is what we are working on.

Hon. Mr. Welch: I think Mr. Riddell is right to this extent, but you have to put it all together, that the Treasurer (Mr. F. S. Miller), in reinforcing the Premier's announcement with respect to reduction, talked about the "elimination of the undue differential." You have to put it all together, and it all means the same thing, so it is the reduction.

Interjections.

Hon. Mr. Welch: There are certain procedures under way now to take the next step to carry out that particular commitment and I can assure the honourable member that the government is very much aware of its obligations.

Mr. MacDonald: On that, have you accepted Hydro's dictate or conclusion: mainly, that it cannot be reduced below 15 per cent?

Hon. Mr. Welch: No, we have not accepted that. There has been no statement yet.

Interjections.

Hon. Mr. Welch: Mr. Riddell makes some reference to the whole question of safety and the implications of the nuclear option, the ultimate disposal of waste, which of course is the subject matter of a fair amount of activity now as between the government of Canada and ourselves and the Atomic Energy people and Ontario Hydro. Research continues on that.

Certainly, I say to the credit of those who were members of the select committee on Hydro affairs, the emphasis which they placed on this whole question of safety and the hearings that were held and the reports that were published have served the public well in this whole area of safety, which has to be the priority concern; and I appreciate that that is yours.

Mr. MacDonald: The Prime Minister of Canada said it was done so thoroughly it does not need to be done at the federal level.

Hon. Mr. Welch: I think that is just a further and well-deserved compliment with respect to the work of the committee carrying out the mandate given to it by the Legislature.

The response to Porter will be ready very shortly and I hope I can table it in the House within the next 10 days.

Mr. MacDonald: Mr. Minister, a month ago you told me it would be within two weeks. Now it is 10 days from now.

Hon. Mr. Welch: It requires some further editorial—

Mr. J. A. Reed: I heard it was going to be finished in December.

Hon. Mr. Welch: I can assure you statements will then flow from there as to the procedures that will be followed in keeping with the spirit of that response and the needs to which you make reference, with the second line out of Bruce and the consultative process.

Wrapped up in that consideration is the question of the combined hearing legislation to which reference has been made already as to how we might find some way to simplify the procedures that have to be followed in order to accommodate all the various points of view that have to be taken into account.

Mr. Riddell: You don't intend to bypass the assessment act proceedings?

Hon. Mr. Welch: Oh, no.

Mr. MacDonald: Really?

Hon. Mr. Welch: Environmental assessments?

Mr. J. A. Reed: Is that a commitment?

Mr. MacDonald: Let's get that on the record; you are not going to bypass the Environmental Assessment Act.

Hon. Mr. Welch: There is nothing new about that. If you recall, the honourable member from Halton in the Hills—what is that—

Mr. J. A. Reed: You keep forgetting the name and I'll keep winning elections.

Hon. Mr. Welch: Mr. Reed raised that question in the House last fall and certainly the answer was quite clear.

I am talking in terms of some attempt to find some way to consolidate the hearing process, not to avoid it.

There are some other points that flow from the questions of the chairman of Hydro, but one of Mr. Foulds' memorandum of understanding. As I think I responded earlier in these estimates, that has not been at the top of my pile in the last little while because of other concerns. It is not far from completion. It simply requires some further work done—I think two sections, which I have wanted to review once again before it is finalized. I think it will be coming forward before too long.

Mr. Foulds: Before we adjourn?

Hon. Mr. Welch: I am very conscious of commitments and I do not want to do that if, in fact—

Mr. MacDonald: Mr. Minister, you know the select committee was told in the spring of 1978 that we would have it by the fall. I even have heard that it was prepared and ready when you became minister and you have been sitting on it now for two years.

Hon. Mr. Welch: I have been reviewing it.

As I say, I am not trying to suggest that it is bedside reading, but I intend to get that completed before too long.

Mr. J. A. Reed: You folk are keeping windows open and sitting on it when you need it.

Hon. Mr. Welch: I think maybe the chairman of Hydro would want to comment on two or three other matters to which Mr. Foulds made reference.

I hope that covers the points that have been raised.

Mr. Macaulay: I think there are a lot of windows open to tell you the truth. The degree to which they are open and the visibility that flows—if I can use that word—is very much dependent on all of those who are looking through them both ways. We are all trying to do our best in that regard and I am sure we do not succeed as much as we should or as often as we should, but we are sure trying.

There are a variety of things to cover here, Mr. Chairman, but one or two come quickly to mind.

Mr. Stevenson's reference was to the 30 per cent spread between rural rates and the average of the municipal utilities. There is not a widespread understanding in Ontario of the system of distribution of electricity and there isn't time today to get into that in detail. But there are two or three points that are rather important.

12:10 p.m.

One is that that spread has been increasing. It has not been a constant over a prolonged period. That spread has been increasing in recent years. The reason it has been increasing, as I am sure you are aware, is that the more dense parts of the rural community are either forming their own municipal utilities, as indeed Kanata and Pickering did, or in some cases they are being annexed into municipalities and the municipal utility is enfolding them within its boundaries.

That is the reason the problem, if unattended, will become a more severe one. I am sure everyone in this room is conscious of that. But it

has not been at a constant level of 30 per cent. This year it is 23 per cent because of the subsidy which the government instructed us to apply to the distribution costs of the rural system.

Regrettably there really is not enough time to discuss adequately the capitalization of the rural system, but we are in a wholesale-retail business. We are in the wholesale business of generating and transmitting electricity in the bulk electrical system, and that is sold at the same price to all of the customers. Those customers are the municipal utilities, the direct industrial customers, plus the rural system and they all get the same price; there is no discrimination.

Beyond that, you have, as you know, local distribution systems and the costs in those systems are reflected in the charges. The act under which Ontario Hydro functions is the Power Corporation Act which describes our responsibility as distributing power at costs and we do the best we can to live up to that. I do not mean to suggest there cannot be improvements or refinements of that. I am just saying that is the policy under which we function.

Hydro's response to the government was not, if I may say so, any dictate. Neither did Hydro say the level of differential could not be below 15 per cent.

What the Hydro report to the government, which I think was tabled in the Legislature, did say was that in viewing the consequences of attempting to come to grips with the problem, a reasonable point seemed to be at the 15 per cent level. Now reasonable to one is not reasonable to another, but on the other hand if you take it down to 15 per cent, you are going to have some municipal utilities whose rates are higher than the rural system; whose costs are lower, but whose rates are higher.

If you are distributing electricity at cost, I invite you to consider sitting down with the commissioners in the utilities in your riding and discussing the economics of it. They have some useful views which are the result of democracy at work in the local distribution system.

It is a very complex subject and there really is not time to deal adequately with that. I apologize to Mr. Stevenson because I haven't given him time to rebut the comments I have made, other than to say the costs are shared pro rata. It is a comfortable thought to advance, that the rural costs have been paid for, that they have paid their share long ago and now it is the turn of the expanding cities. That does not stand up under the light of accounting scrutiny.

Mr. Eakins: Will that 30 per cent not return within the next year? Do you expect that 23 per cent to return to 29 or 30 per cent within the next year?

Mr. Macaulay: No, sir. We are anticipating the government's further review of the matter and the government policy determination, at which time Hydro will then deal with the matter as the government directs.

Mr. MacDonald: Let me ask a supplementary.

Mr. Macaulay: Could I just finish the list of items that have been raised by previous speakers, Mr. Chairman?

I am not sure we can answer the question but I would like to ask Mr. Niitenberg if the Ministry of Natural Resources consulted Ontario Hydro with respect to land-use planning in northwestern Ontario. If we do not know the answer to that, we will get it for you.

Mr. Niitenberg: I don't know the answer.

Mr. Macaulay: I would like to ask Mr. Hal Jackson, the vice-president of design and construction, if he would comment briefly on the matter raised by Mr. Riddell with respect to irradiated fuel.

Mr. Jackson: As you know, there is a major program under way, jointly undertaken by the federal and provincial governments. That program is proceeding fairly much on schedule. They have done three seasons of drilling now. They hope to be able to locate an area where they could do their test drilling this year or next year.

It should be emphasized that to date it has all been research work. Just because they are drilling in one location, it does not mean they are going to locate a disposal there. They are trying to prove which types of rock would best suit the disposal.

In conjunction with this, there has been a program approved whereby they would excavate an underground cavern at Whiteshell, and they will use that to prove out another aspect of the program.

Mr. Macaulay: That is in Manitoba.

Mr. Jackson: Whiteshell, Manitoba, sorry.

We are working actively on developing a canister for transporting the irradiated fuels, and we hope to be in a position to call tenders and have a canister available by about 1988. That will keep in step with the rest of the program.

In the meantime, we are continuing to store

the irradiated fuel on site in the storage bays we have available. We have reviewed the capacity of these bays and they are adequate for a number of years. When we need more, we propose to establish auxiliary bays. Enough study has been done to know that the fuel is quite safe in these storage bays for 50 to 100 years.

So the program is proceeding in an orderly manner.

Mr. Macaulay: While you are talking, would you answer Mr. Fould's question about why there are delays at Thunder Bay?

Mr. Jackson: Thunder Bay was a fossil station that we thought would be the first of a number. It was committed at a time when our generation mix was deemed to be two-thirds nuclear, one-third fossil. The actual control of the fossil stations has not kept up with the new technology we have developed for nuclear plants; we were not installing computers on the same basis. We assessed this in Thunder Bay, and it was decided on a cost-benefit basis that we could put in a computer installation which would give us additional information and additional control features.

We committed it on that basis. It was more complex than we had envisaged. We were using an outside consultant to engineer it. The sum and substance is that it got behind schedule.

When the work went to the field, the work was being done by contractors. Their contracts spelled out the original intent of the work, but it increased in scope and we have suffered some delays in the process. The first unit has been operated, and it operated very well, and the second unit will be brought on by this summer.

Whether we should undertake it with our own forces is really a matter of conjecture—whether we can organize better to do work on a piece-meal, hand-to-mouth basis as opposed to using a contractor on the same basis. I think, frankly, it is a 50-50 situation.

Mr. Foulds: Could I ask a question for clarification? Are you telling me that the contracts your general contractor put out did not contain the requirements you ultimately arrived at?

Mr. Jackson: That's right.

Mr. Foulds: Could you explain that?

Mr. Jackson: The contract documents were produced on the basis of the information available at that time. We got lump sum contracts with prices for extras, for any other materials or work that was required. That is the way we

consistently do contracting, if we do not know the complete scope of the work involved when we call the tender.

Mr. Macaulay: The last point raised by Mr. Foulds was that, if you are going to replace something with Darlington, you should discuss publicly what you are going to replace. I think there is no denying that obligation on Hydro's part. We certainly have no alternative but to do that as these developments unfold.

12:20 p.m.

I would like to point out that we are eight years away from the first electricity flowing from Darlington into the grid, if we meet the schedules we have set for ourselves—which, I might add, are going to test the organization very considerably because there is a shortage of engineering people in this country. It seems hard to understand, but there is. There is a lot of engineering work to be done by both Ontario Hydro and Atomic Energy of Canada Limited, and it is going to really test the organization to meet that kind of timetable.

I think Mr. Fould's question is somewhat academic today in terms of the implications for the system, when we will only be starting to deliver electricity eight years from now.

Mr. Foulds: Surely that has application to the cost comparison, because whether or not Darlington is more economic depends on what you are going to phase out, if you take into account capital expenditure and the servicing of that capital.

Mr. Nastich: Mr. Foulds, I used the term "replace" in a specific sense. It does not mean you mothball the plant. As you know, the load varies during the day, and as you move to a base-load period you "replace" a coal-fired plant, which means it is used less. The point at which you mothball it depends, as the chairman says, on what the load looks like in about 1985, 1986 and 1987.

Replacement takes into account the capital and operating costs. You really have a sunk plant in operation. When I say "replacement," it means that one plant is going to be used a lot less than the nuclear plant. The extent to which it is no longer used tells you whether you want to mothball that plant or just keep running it on one shift or two shifts or three shifts.

Those are the kind of decisions we make. It is quite a complex scheduling program.

Mr. MacDonald: Mr. Chairman, I have a half dozen points of clarification which I will not attempt to make, except for one. We were told

in the select committee that you could not come to a conclusion that your ultimate disposal of the irradiated fuel bundles was safe until you had examined six or eight sites; that the research would require examination of six to eight sites.

For the last two years—last year and this year—the program has been stalled because you could not find another site for research. Now we are told that there is one more site you hope to get. When you get it, that will be about the third you have looked at—not six or eight, but three. What you are going to do is come to a conclusion—

Mr. Macaulay: We are not looking at any, Mr. MacDonald. Please let's all understand that. Ontario is not looking at any.

Mr. MacDonald: Please, don't confuse me. I know you are not looking at them. I know it is an AECL program. But we just heard Hydro say that one more site will be looked at and you will then be able to come to a conclusion. The program has been greatly abbreviated without having been completed.

Mr. Macaulay: With respect—and I will ask Mr. Jackson to add a comment—I think the program has been extended. If I may offer a personal observation, I think one of the reasons it has experienced some of the opposition it has was that the original timetable projections were so precise: "In 1980 we will do this, and in 1981 we will do that, and in 1983 we will do that, and by 1989 or 1991 or whatever, it will all be proved and there it will be."

I think you and I are entitled to say, "Let us have the proof and then we will take a look at the timetable." I think that is the direction in which AECL is attempting to move.

But Mr. Jackson is closer to this and I would like to ask him to comment.

Mr. MacDonald: Let me give you the evidence we had before the committee: They would get six or eight of them done by 1983. They have not got more than three or four of them done, and Mr. Jackson, if I heard him correctly, said one more site and they would be in a position to come to a conclusion.

Mr. Jackson: Yes, there is a need to test one more type of rock. It is really a matter of how many holes and how much information you want about that type of rock in order to add it to your research program and, therefore, factor it into the judgement. At the present time, the feeling is that if one more test hole is put in a particular type of rock it would give the research program the information it needs to move to a

decision.

Mr. Riddell: I am confused now. I was ready to go back into my riding and tell an organization there known as Cantdu that they could disband because everything is under control. Now I think I may have to go back and say, "Look, continue your operations because you can play a very important function here in connection with the hazards and the safety of all this."

I really do not know what to do now, whether I should go back and tell the Cantdu people they no longer have an important function to perform, or whether to give them the encouragement to carry on.

Hon. Mr. Welch: I will leave that decision up to you. We are talking about research here. We are not talking about anything other than research at the moment.

Mr. MacDonald: This is the phoniest research program in the world, because everyone involved in it says he knows it can be done. You are violating all the basic principles of scientific research when you prejudge your conclusion. What they are doing here is they know what the conclusion is and they are trying to find the evidence to prove it.

Mr. Foulds: It is called applied research.

Mr. Macaulay: I appreciate your paraphrasing what I just said. I think we are probably going down the same road to the extent that those who are responsible feel the evidence has to be there in a sufficiently convincing style for anything ultimately to be done.

There is no commitment as to when that ultimate repository is going to be selected or in operation. That was the original mistake, in my opinion, and that is a very personal view. I suspect I have some friends in Hydro who would like to argue with me.

Mr. Foulds: Scientifically there may be a determination that it can be done without the proof.

Mr. Macaulay: The technology is there. There is no question about that.

Mr. Foulds: That was not the evidence before the select committee.

Mr. Chairman: Mr. Minister and Mr. Chairman, the time allocated by the Legislature for these estimates has expired.

This completes the estimates of the Ministry of Energy. Shall they now be reported to the House?

Agreed.

Mr. Chairman: I would like to thank you, Mr. Minister and Mr. Deputy Minister, for your attendance at the estimates. I would also like to thank you, Mr. Macaulay, and the various agency chairmen, staff and officials who were here during this consideration of the Energy estimates.

Mr. Macaulay: Could I just quickly add a note? We appreciate the courtesy of the committee and thank the members here. I would like to ask our Hydro friends to stay behind. If any member here has a question he did not get a chance to ask, or wants to say something, we would be pleased to stay here as long as anyone else wants to stay here.

Mr. Chairman: The clerk informs me that the ads are going into the newspapers on Tuesday of next week at the latest. This allows for some of the newspapers that asked for three days' time to place them. He was placing those ads this morning.

We perhaps should also report to you that we may have some difficulty lining up enough witnesses for tomorrow night. I have asked the clerk to carry on with that, and to inform all committee members by tomorrow morning about tomorrow night's meeting. But we are attempting to meet then. We are fine for next Tuesday for sure, and we are still trying for Thursday. We will let you know no later than tomorrow.

The committee adjourned at 12:28 p.m.

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Ontario, LEGISLATIVE ASSEMBLY

No. R-4

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Agriculture and Food



First Session, Thirty-Second Parliament
Tuesday, October 13, 1981

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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STANDING COMMITTEE ON RESOURCES DEVELOPMENT

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday, October 13, 1981

The committee met at 8 p.m. in room No. 228.

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD

Mr. Chairman: Ladies and gentlemen, we are here to start the estimates of the Ministry of Agriculture and Food. We have 18 hours, as I understand it, to spend on these estimates, so I guess the sooner we start the sooner we finish. I believe I recognize a quorum.

I would like to call on the minister, the Honourable Lorne Henderson, to lead off with any opening remarks he may have.

Hon. Mr. Henderson: Thank you, Mr. Chairman, members of the committee and people in the audience. Mr. Chairman, this is the first time I have been before this particular committee. In order for me to arrange for the necessary staff to be here, could you lay out for me the meeting hours?

As I understand it, we have 18 hours—two and a half hours on Tuesday and Thursday nights. What is the meeting time tomorrow—10 till one? Is that it?

Mr. J. M. Johnson: Ten till one.

Hon. Mr. Henderson: Ten till one. So that is understood then. That is fine. Just as long as we can establish whatever it is.

Mr. Chairman: Is there any objection to 10 till one?

Hon. Mr. Henderson: Are those hours suitable to all of you? I just wanted to know so I can have my staff standing by.

On Tuesday and Thursday nights, eight till 10:30 then, and on Wednesday, 10 till one. That makes eight hours a week—eight hours this week, next week 16; two weeks from tonight, with luck.

Mr. Chairman, firstly in opening my remarks tonight, I would like to introduce Mr. Duncan Allan, who is the Deputy Minister of Agriculture and Food. I do not think Duncan needs introduction to any of you, but he is here on my left.

In addition, I have many of my staff members here tonight, who will be available throughout the estimates, and I want to introduce the four leading members of the staff: chief research

officer, Dr. Clare Rennie; chief marketing officer, Mr. Bill Doyle; chief economist, Dr. Earl Haslett; and the chief financial man, Roland Sewell.

Mr. Chairman, it is my understanding when we get into the estimates that some of those people can sit in the chairs here on the other end, other than during their particular vote. That is the general procedure, is it not?

Mr. Chairman: I believe so.

Hon. Mr. Henderson: Yes. Good enough.

First, my deputy reminds me that we have this document to hand out to all of you. This is "Services and Accomplishments: The Ministry of Agriculture and Food, 1981-82." I would ask Mr. Don Beeney if he would distribute this to all the members of the committee so they will have it to go through along the way. I believe the opposition members got the other estimate book earlier on, did they not? They were prescribed.

Mr. Chairman, 1981 has been a year of great challenge for my ministry and has proven the value of our programs over and over again.

I am going to deal first with the question on everybody's mind—interest rates and credit. There is no getting away from it, this year has been a difficult one.

Farmers are enterprising people. They like to see their farms expand and their production increase. There is an excitement to farming. It comes from pride of ownership and pride in the value of the work farmers and their families do.

During the 1970s the farm prices were generally good. Interest rates were more in line with most people's income. Many of our most enterprising farmers expanded their operations. They were into this expansion when the economy suddenly turned around. Almost without warning, they faced falling returns and soaring interest rates.

Farming is based on growing, living things. You cannot turn it on and off like an assembly line. When a farmer makes a decision, he is committed. He and his family must carry on, even if conditions change. This is the bind many of our farmers are in. It is not only Ontario farmers. Farmers right across the country are suffering. The federal government's high-interest

policies are bad for agriculture.

Many farmers have turned to the Farm Credit Corporation for help, but too many of them are not getting any help. The FCC is underfunded. It does not have enough money to meet Canada's farm needs.

Five years ago, the average FCC loan was about \$60,000. Now it is \$120,000. The average loan size has doubled, but the funding has not. Five years ago there was enough money for 2,700 Ontario farmers; last year there was enough for only 1,400 farmers.

If a farmer goes into the private market, money costs more than 21 per cent. A year ago he could have had the same money for 13 per cent.

This is the wrong time for the FCC to be underfunded. As if that is not bad enough, the word came through on Thursday, the FCC interest rate has gone up to 16.75 per cent.

When I heard that I just about hit the roof. Last Friday morning, Mr. Whelan came to my office. I asked him what on earth is going on in Ottawa. When I pointed out to him that Ontario got out of farm finance because it is a federal responsibility, he did agree with me on that. Farm finance is a federal responsibility. The Department of Agriculture knows it, but no one else in Ottawa seems to. Mr. Whelan just is not getting the money he needs to carry out that responsibility. I just cannot believe it; I cannot imagine what the federal government thinks it is doing to agriculture.

8:10 p.m.

As most of you know, the Ontario Federation of Agriculture has established a task force to study the current situation. The hearings have already begun, and I am looking forward to the report. All the members have solid agricultural experience with the exception of one, and her expertise is in consumer matters. I have instructed my staff to co-operate with the task force. In the meantime, my staff are meeting with the chartered banks to get a good fix on how serious this credit problem is for good farm managers.

In a few minutes I will outline some positive steps the government has taken to help farmers. Right now I would like to put this situation in perspective. I would like to review some points about the economic importance of agriculture.

Canada's farm cash receipts for 1980 were \$15.6 billion. Ontario's share was \$4.3 billion—a healthy 28 per cent. That \$4.3 billion worth of agricultural products was produced on fewer than 86,000 farms. About 144,000 people work on those farms. That is a lot of output for such a

small number of people. Ontario's food and beverage sector has 23 industries. It employs 85,000 people. These businesses ship \$10 billion worth of goods.

In exports Ontario accounts for 30 per cent of all Canada's agricultural sales other than wheat. Agriculture in Ontario generates a lot of economic activity. It is a business well worth investing in, and the government has made some important investment commitments to agriculture this year.

As in the past, we are placing important emphasis on production assistance programs. However, we are also expanding programs at the processor, retail and consumer levels. In agriculture a program that benefits part of the industry benefits all of it. There are several projects under the Board of Industrial Leadership and Development. Some of these are not in my estimates, but I will discuss them here because they fit in with my general programs.

Food processing is an activity that can spread benefits to producers, to consumers and to the work force. The government has established a \$20-million fund in BILD to co-invest in projects to expand and upgrade the processing industry. The canola crushing plant in Hamilton is a good example. This plant will be constructed with a \$4-billion grant from BILD. At full capacity it will crush the produce of 200,000 acres. This will boost Ontario into the canola business in a big way. Eight other processing projects have been approved, for a total to date of \$8.5 million.

A program to expand agricultural and processing activity must include an important replacement program. Three BILD projects have that aim.

Storage and packing: The first of these will extend the marketing period for fresh Ontario fruit and vegetables. BILD has \$20 million to co-invest in improved storage and packing operations. Both growers and packers can apply. So far, more than 100 of them have applied. I expect to begin announcing approved projects in the next couple of weeks.

The next two BILD programs are designed to help farmers grow more processing crops. Both are being funded by my ministry. We studied the market and saw an import replacement opportunity with asparagus. So we started a program to help producers grow asparagus. The aim is a total of 3,000 acres of asparagus for the fresh and processing markets. Producers can get grants of up to \$500 per acre. Seventy producers have already applied for grants covering 775

acres. I expect to make the first approval announcements by the end of this month. One and a half million dollars is available for this program.

The fruit processing industry needs more clingstone peaches and Bartlett pears. To meet the need and expand the industry, we are covering the purchase price of new trees. We intend to increase clingstone peach production by 9,000 tonnes over the next nine years. Twenty growers have applied for grants to buy more than 10,000 peach trees and 500 pear trees. The approvals will begin coming through very soon. My ministry will invest a total of \$1.5 million here.

A program to modernize equipment in the cheese industry will deliver several benefits. BILD has \$15 million available to help processors install new whey equipment. This equipment is energy-efficient. It will extract a product that processors can sell, and it has definite environmental benefits. It will give Ontario a domestic source of high-protein whey—another import replacement project.

The better your product, the better your sales. For cream producers and creameries we have a program to improve the quality of butter. Farmers who separate cream on the farm can get grants to buy new cream containers and to install cooling equipment. Creameries can get similar help to replace out-of-date equipment and refrigerate their trucks. Both the whey and cream programs will begin as soon as final details are worked out with these two industries.

Produce leaves the farm in beautiful condition. It does not always get to the consumer that way. To help ensure that it does, BILD will contribute \$2 million towards a \$3-million expansion of the farmers' market at the food terminal. Tenders will be called by the end of this month.

I began my remarks this evening by outlining the tough financial situation. I would now like to tell you what we have done for one group of hard-hit farmers. I am talking about beef producers. They are important. The beef industry accounts for 25 per cent of farm cash receipts. Meat processing is Ontario's seventh ranked industry.

Beef producers got three swift kicks in the pocket, one after another—high feed prices, high interest rates and low beef prices. The federal stabilization program did not make a payment. The formula it uses cannot cope with fast-moving events. So Ontario established the beef emergency program. We are paying beef

finishers \$40 a head for slaughter cattle marketed in 1980. We are paying \$20 a head on stockers.

Together these programs are worth \$37 million. Already we have sent \$16 million to more than 2,000 producers of slaughter cattle and stockers. My staff are turning applications into cheques as fast as possible. Beef farmers are too important to be left high and dry.

Agriculture is big business and it is an important sector of our economy, but I do not have to defend it on those grounds. Agriculture is essential in a way that no other industry is, and it is unique. All human life depends on agriculture, and there is no alternative. No society can leave its agriculture to sink or swim. Nevertheless, farmers are businessmen, and this is a free enterprise society. Government policies have to strike a balance, one which supports agriculture without unnecessarily regulating the farmer.

The Ministry of Agriculture and Food has designed its programs over the years with that balance in mind. I am going to describe those programs under eight headings, rather than under the usual order of votes. You might call them the eight businesses that my ministry is in, eight agricultural service businesses. I will begin with the most fundamental service, our production programs. There are three sets of them.

The first set provides incentives to farmers to adopt modern agricultural practices. The first of these is the farm productivity incentive program. It plugs some important gaps left when the capital grants program ended. It provides grants to farmers for erosion control and water pollution control. Funds are also available for a number of modernisation projects. Last year 3,259 farmers used this program. They invested over \$16 million in farm improvements.

The government recognizes the very real possibilities for northern agriculture. To help realize them, the northern agricultural development policy gives funds to each district in northern Ontario. These funds are spent on projects chosen by local committees. Last year the committees received \$650,000. They used the money to encourage the use of fertilizer and quality seed and to improve drainage, fencing and education.

Northern and eastern Ontario hold an important place in Ontario's agricultural future. To promote and improve agriculture in these areas, the province has entered into agreements with the federal government. Projects under these agreements are funded jointly by the two

governments. Farmers and agribusiness can get grants to cover part of the cost of a number of items. The grants are designed to encourage farmers to adopt new technology and to develop their farms. There are also funds to improve local marketing of farm products.

8:20 p.m.

The northern agreement includes a land improvement program. The aim is to increase the improved acreage in the north by 7,500 acres a year for the next three years. The eastern Ontario agreement has an extra incentive for municipal outlet drains. In 1980-81, over 18,000 acres of farm land were serviced with outlet drains under this program.

Many farmers, such as fruit farmers, need seasonal workers. To get them, farmers have to provide housing on the farm. To help construct and upgrade housing for these essential workers, the ministry provides funds through the seasonal housing assistance program. Farmers have responded very well. We expect our program to help house some 1,200 workers on 200 farms. By the end of September my staff had processed more than 100 applications for funds totalling \$500,000.

The second group of production programs is designed to reduce the risks of agricultural production. These help to spread the effects of poor growing conditions, low markets and other losses that farmers cannot control. The first of these programs is crop insurance. It protects farmers against losses due to weather. All of Ontario's major crops may be insured. Administrative costs are covered by the province. Otherwise, the plans are self-supporting. This year there were 42 plans that covered 1.8 million acres of crops. That represents more than \$450 million worth of insurance.

To help offset the effects of low market prices, the government will establish a stabilization plan for any commodity group that asks for one. There are five in effect. They cover corn, soybeans, white beans, winter wheat and sow-weaner operations. Farmers pay one third of the costs and the government pays the other two thirds. Support levels are based on a formula which uses an average price and cash costs of production. In 1980 and 1981, low prices hit hog producers. Ontario's stabilization plan went into action and paid out more than \$14 million to sow-weaner operations.

Every year farmers lose valuable livestock to rabies, careless hunters, dogs, wolves and bears. These are losses no farmer can help. In 1980-81 the government compensated farmers for losses amounting to more than \$300,000.

The third set of production programs are designed to protect the resource base and develop productive land. My staff works with municipalities to ensure that municipal plans reflect the Ontario foodland guidelines. Last year they reviewed 288 subdivision plans, 315 official plan amendments, 62 official plans and nearly 5,000 severance applications.

Farms cover a lot of taxable land, but farmers do not use a proportionate amount of municipal services. To ensure that agricultural land does not bear an unfair tax burden, the province pays half the property and education taxes on farm land. In 1980, this program returned more than \$49 million to our farmers. For the future, the government intends to do away with property taxes on productive farm assets. Of course, farmers will continue to pay taxes on their houses, but not on their farm assets. My ministry has been working on this with the ministries of Treasury and Revenue, and we are making good progress in our discussions with municipalities and farm organizations.

One of the most productive things a farmer can do to his land is drain it properly. Good drainage reduces expensive inputs, such as fertilizer and pesticides. It can improve productivity by as much as 50 per cent and it protects the land. For all these reasons, the government of Ontario has encouraged and funded drainage programs for many years. In 1980-81, we lent farmers \$26 million at eight per cent to put drainage tile in their fields. Farmers combined these loans with funds of their own and tiled 220,000 acres. Right now there is \$110 million in outstanding loans. All that money is working to make our farm land even more productive.

When you tile a field you need a municipal outlet drain to carry off the water. The ministry provides a one-third grant for the construction of these outlet drains. In 1980-81, 157 Ontario municipalities received over \$4.5 million. They built 657 outlet drains. Improved drainage is highly effective. Every provincial dollar invested in it returns \$18 in benefits to society.

The second of my ministry's agricultural service businesses is marketing. This includes the development of markets for Ontario agricultural products and the supervision of 24 marketing boards. I will deal with the marketing boards section first.

The province's 24 marketing boards are supervised by the Farm Products Marketing Board and the Milk Commission of Ontario. Both of these groups help to keep our marketing system orderly. They also promote good rela-

tions between producers and buyers. Both have important responsibilities in negotiating plans. This past year the milk commission took part in the development of a new national industrial milk plan, which I hope to see signed in November.

In buyer-producer negotiations, 1981 saw a very important breakthrough. I am speaking here of final offer selection. Some of you may remember that things were getting a little tense in vegetable marketing back in 1980. That was the year I suggested this new procedure. The two sides agreed to try it. They liked it so well they used it again in 1981. This year, we did some fine tuning and I am very happy to report that the industry and the producers have decided to use this method from now on.

Final offer selection involves three arbitrators, one each from the buyer and the producer and one independent. The buyer and the grower develop their final positions on pricing. The independent arbitrator chooses one or the other. This method helps ensure that the final offer will seek a middle ground.

It works so well that a dozen processing vegetables are sold this way now and so is seed corn. I get visitors from other parts of Canada asking about it, and I get letters from places like Australia and the USA. We are the first to use this system in agricultural marketing and we can be very proud of the results.

We are getting some pretty impressive results in market development too. Market development has three aspects. We want to develop more and bigger export markets. We want to improve our domestic market, and we want to replace imports.

The asparagus incentive program I mentioned a moment ago is one of our import replacement programs. We have another in the tomato paste area. Our market research showed that the domestic industry could replace \$4.5 million worth of tomato paste imports. To spark this industry we made grants to a couple of processors. They totalled \$620,000. Both plants have increased their purchases of Ontario-grown tomatoes. They total over 850 new acres.

We now have two more research projects under way. One is studying the possibility for lamb, and the other is looking at whey. I will have the reports in January. Whey already looks promising.

To develop export markets my ministry sponsors several trade missions a year. We also host many groups of foreign buyers. Basically, we provide a forum in which Ontario companies

and producer groups can meet customers. Usually it is up to them to make the sales, and I can tell you, they do a good job. The missions usually produce immediate sales, but the most important purpose is to open the door to long-term markets.

For example, a few years ago the ministry led a mission to Japan. Pork got special emphasis on that trip. Since then our pork sales to Japan have tripled. That market is worth \$15 million a year to our producers now.

In 1981 my ministry had two firsts. Our first tobacco trade mission has just returned from China, where the prospects look very good. Earlier this year we sponsored Ontario's first trade mission to the Middle East. The immediate sales from this mission totalled \$2.25 million.

In January of this year, I led a trade mission to South America. Since then Mexico and Venezuela have bought one million dollars' worth of Ontario swine breeding stock. Some of the breeders who made this trip have written very positive letters to me. The Holstein-Friesian association, for example, said the results were far beyond their expectations.

8:30 p.m.

Export sales are very important to our agricultural and food industries. We will continue to support the sales efforts of Ontario producers and companies, and we will continue to act where government leadership is needed. Our main market, however, is our domestic market. It is big, it is handy, and there are no tariff problems.

Our Foodland Ontario program emphasizes awareness. It makes consumers aware of Ontario products and it makes the food service industry aware of them. We reach consumers through the media promotion campaign. Independent market researchers say they can detect an important shift to Ontario products since the promotion began.

We also reach consumers at the retail level. Here we get good co-operation from the retailers. This program used to run five months during the growing season. This year we made it a year-round effort. Now we can promote Ontario processed food and Ontario greenhouse produce all year. In February, I had the Foodland staff prepare all-Ontario meals for the agricultural conference. We did not even use coffee or pepper; it was all strictly Ontario food. We had a lot of interest in the menus so I had my staff develop them. They have been circulated to the food service industry and to other ministries.

I would like to turn now to the third major service area, agricultural research. Simply stated, research means progress. Without it, our agricultural and food industries would stand still. Ontario's research budget is \$31.5 million, the largest of any province. We support 12 research locations with a land base of 4,000 acres. We have 800 research projects under way at any one time. Each year, about a quarter of these are completed and new information is published and distributed.

To make sure our research dollar is spent where it is needed, an advisory body of farming and agribusiness people review our programs. The ministry's research is concentrated in eight areas. These are livestock; field crops; soil, air and water; economics; horticulture; food; pest management; and engineering.

In 1981 our researchers emphasized soil management; energy; efficiency of reproduction in animals; disease prevention and control in animals; pest control in animals; pest control systems; and storage systems.

To give you some idea of what research can accomplish, I would like to mention a few grain breeding projects. In 1975 we developed two spring barleys. Now the most common varieties grown in Ontario, they yield five per cent more than the old varieties. This past summer one of them was the only one to survive the bad weather.

We have just licensed the first Canadian winter triticale. It was developed at the Ontario Agricultural College and can be grown in areas where winter wheat is marginal. A survey of our research shows that for every dollar invested, the public reaps \$40 in results. I would like to tell you about a project that helped create that ratio.

Ontario researchers have cut in half the breeding time for new barley varieties. It used to take eight years to develop a new variety. From now on it will take only four. But we are not stopping there. We are looking for ways to make this new system work with oats and wheat. Results like this show just how valuable agricultural research is. It can help lay the foundation of new industries.

I mentioned the tomato paste industry a moment ago. This industry will receive an additional boost through research. The current project is working towards a tomato that can resist bacterial spot and speck. This will make a tremendous difference to crop yields.

In the livestock area we have made breakthroughs in at least two areas: breeding effi-

ciency and disease in dairy cattle. The ministry now does an automatic cell count which detects mastitis in dairy herds. Controlling this disease can increase the return per cow by as much as \$150 a year. Another test, which my ministry now provides to dairy farmers, can determine whether a cow has conceived. The sooner a dairy farmer has this information, the more efficient he can make his dairy farm.

Under the research and education vote there is an item called special services. This refers mainly to the veterinary services branch that provides the diagnostic testing services in our six labs. This year, under the heading "Analytical and testing services," I am including performance testing and soil analysis.

Our diagnostic labs have probably the best staff in North America. In 1980, the staff tested more than 800,000 specimens, and conducted over two million tests. Their work gives Ontario very effective disease control through accurate and speedy diagnosis. This is especially important with diseases which can pass from animals to people.

The dairy herd improvement program has been privatized. This was done as a co-operative project by my ministry and the Ontario Milk Marketing Board. The new organization will improve and expand the services offered to dairy farmers.

The soil testing lab, operated for the ministry by the University of Guelph, has added a new test. Farmers producing soybeans, small grains and corn can have their soil tested for manganese and zinc. Also, the lab has expanded its service to make helpful suggestions about fertilizer, manure and other nutrients. These are tailored to the individual farm.

The work done in my ministry's labs is painstaking and detailed. It provides farmers with the most accurate information available, the kind of information they need to plan their programs, to evaluate their herds, and to make their operations profitable.

The fourth service is education.

Yesterday's farmer ploughed his fields behind a horse. Today's farmer pulls the plough behind an air-conditioned tractor. Tomorrow's farmer will do it all with computers—well, perhaps not all, we hope. Tomorrow's farmer will be a technologist in a high-technology society.

Many farmers use computerized services already. It will not be long before they all have computers in the farmhouse. In fact, farmers will probably lead the way in home computers. That is only one aspect of the high-technology future. There are many more.

We need farmers with education to match. The Ontario government has a lot of experience with farm education and its changing needs. We have supported agricultural diploma programs for over 100 years.

Both young people and established farmers recognize the increasing need for further education. You can tell by rising enrolments, up 28 per cent in five years. Since the turn of the century, we have graduated 12,000 diploma students. Nine thousand graduated after 1952, and a third of those have graduated in the last six years. The demand is rising.

To meet that demand, the ministry established the colleges of agricultural technology. We have five, plus the college at Guelph. The newest college opened its doors only last month. This year we have 1,500 students in the system. There is no doubt about the demand. Students fill new places as fast as we can create them.

So far, I have only discussed full-time students. Our educational system serves thousands of part-time students. Four thousand people are working on diplomas in agriculture and horticulture through the University of Guelph's independent study courses. Our teaching staff gives practising farmers 200,000 hours of instruction every year. Some of these short courses, stressing practical work, are actually given by farmers with special expertise.

About 1,500 new farmers enter the business every year. Right now, about a third of them have post-secondary education in agriculture. We want at least half of them to have it. Sixty per cent of our diploma graduates go into primary agriculture. The rest go into other areas of agribusiness. They have no trouble finding jobs.

The colleges are located throughout the province in the different agricultural areas. Their programs reflect the kind of agriculture in their area.

8:40 p.m.

At New Liskeard, the very special conditions of northern agriculture are studied. To expand the knowledge available, my ministry established a northern agricultural resource centre. The staff of the centre will pull together information about agriculture in northern environments. They will put it into usable form and get it out to the northern producers.

I should like to turn now to the fifth service area: advisory extension services.

The year 1982 will mark the seventy-fifth anniversary of our county ag-rep service. It began modestly with four people. Today, we

have offices in all 54 counties, districts and regional municipalities. We have added engineers to the advisory service, as well as soil and crop specialists, livestock specialists and, most recently, energy specialists.

Our advisory staff have been working full out, helping farmers to cope with the difficulties they have had this year. To give you some idea of the size of the job, the advisory staff made more than 41,000 farm visits last year, and received 70,000 office calls.

The advisory service also is provided to organizations that serve farmers. For example, more than 800 lawyers and accountants attended special seminars on tax and estate planning.

Farm management advice is provided year round. It is one of the reasons that Ontario's commercial farms are successful without massive government subsidies. The advisory service also offers a pest monitoring program. Specialists advise farmers on the exact time to treat their crops with pesticides. The point is to attack the pest when it is most vulnerable. This way, farmers save on the amount of spraying and improve their product.

Ninety-one per cent of the province's apple acreage is covered by a pest monitoring program. For peaches, the figure is 83 per cent. Pears, grapes and fresh corn acreages are also covered. In all, more than 100,000 acres are monitored. The estimated saving to producers is \$3.5 million.

When I began describing my ministry's program, I talked about the agricultural role as the fundamental industry. The basis of that industry is the land, especially the top soil. Soil conservation is a major concern to our farmers. Five hundred of them turned out to a soil conference run by our soil and crop specialists earlier this year.

Saving the soil is something that concerns me very much. I have encouraged my staff to undertake a number of projects. For example, they have joined with the conservation authorities and the Ministry of Natural Resources to work on 25 major conservation projects. They helped to plan and complete another 60 projects on individual farms, and they gave advice and assistance to 700 farmers.

The sixth of my ministry's service businesses is quality control. We provide this through trained people who inspect milk, meat and fruit and vegetables. They help to ensure that our consumers get only the best. Last year, the ministry's central milk testing lab tested three million samples to ensure milk quality. Our milk

inspectors made 22,000 on-site inspections to ensure that producers, transporters and processors met sanitation standards.

To save energy and transportation costs, we recently completed a switch to one-standard milk. This means that industrial milk must now meet the same standard as fluid milk. This new approach has an additional important advantage: it raises the quality of processed milk products.

In the fruit and vegetable area, we co-operated with producers and the industry to develop a new grading system for processing tomatoes. Prices are now based on the juice colour as measured by a machine. Forty thousand loads of tomatoes were inspected by this new method in the 1981 growing season.

We have also completed a program for indicating place of origin and grade of fresh fruits and vegetables. Consumers can now tell whether the produce they are buying was grown in Ontario. With the success of the Foodland Ontario program in creating consumer awareness, this is important.

In Ontario, all meat offered for sale must come from animals that have been slaughtered under inspection in approved plants. This includes the 285 provincially inspected plants. Six veterinarians, six supervisors and 139 full-time meat inspectors work in the provincial inspection service. An extra 130 veterinarians inspect meat under contract. By the end of 1981, we will be inspecting all poultry plants. Consumers will then be assured of even higher quality poultry products.

The provincial meat inspection program serves two important functions. The first is consumer protection; the second is the provision of conveniently located services to livestock producers.

Business number seven is support to rural institutions and lifestyle. This includes youth programs, senior programs, the agricultural and horticultural societies, the agricultural museum and consumer information. They are our investment in the people of rural Ontario and are worth every dollar and every hour of time spent.

There are men and women of all ages, all over this province, on farms and in cities who learned by doing with rural 4-H clubs. In 1981, the agricultural 4-H clubs had nearly 8,000 young people who undertook over 11,000 projects. The homemaking clubs attracted 25,000 members. What they learn about leadership, self-discipline and human relations will serve them for a lifetime.

One of our other programs gives young,

nonfarming people a chance to work for a summer on farms. Another offers farmers crews of experienced young people to do special projects on the farm during the summer.

Every year, thousands of people visit one or more local fairs. These are put on by the province's agricultural societies. The ministry supports these efforts. They help to maintain excellence in agriculture and they create important social contacts between rural people and town people.

The eighth business is support services: personnel and so on. You will find them detailed in the estimates material.

For the future, I think you can see by the way I have laid out the information this year that I have some changes in mind. My ministry is committed to steadily improving the delivery of our services to the agricultural and food industries. To do this more efficiently, I am considering some organizational changes. For the 1982-83 estimates, I expect to have the votes and items clearly arranged to explain the business of the ministry. In the coming year, I will be concentrating staff efforts on new marketing programs, improved policy planning and strengthened research.

Mr. Chairman, these are a few of the things I felt it was important to put on the record tonight. My staff will deliver copies of this speech to all of you here. I now await the comments of the committee.

Mr. Chairman: Thank you very much, Mr. Minister. I suppose if there are no questions, we could tour some farms and what not for the other 17 hours.

Hon. Mr. Henderson: I would be very happy to do that. We have some good ones to tour; the best in the world.

Mr. Chairman: I just say that to show the degree of flexibility that the chair has in what the committee would like to pursue.

Hon. Mr. Henderson: I remember a number of years ago the agricultural committee used to visit the stockyards every other year. We would be glad to arrange something like that.

Mr. MacDonald: You had better visit them before you move them.

Hon. Mr. Henderson: Touché. We would not disagree with you.

Mr. Chairman: I would anticipate that Mr. Riddell might wish to respond at this time.

Mr. Riddell: Thank you, Mr. Chairman. I am not going to spend a good deal of time on my

opening remarks because it is important that we have a thorough discussion of the votes this year. You were not here last year, but it was a real fiasco. We just wandered all over the place. We did not get to a discussion of the votes. I would hope that the meeting would be conducted in a little different fashion this year.

8:50 p.m.

I listened very closely to the number of programs that you, Mr. Minister, and other ministers and your helpers have initiated over the years. As you were talking about these programs, I was thinking that if you were to talk to a group of farmers today about all the good things your ministry has done, they would probably either walk out of the meeting or they would converge on the stage and get down to talking about the main concern which farmers have. That, of course, is the high interest rates and, also, the very difficult time they are having in trying to cope with high interest rates and the low prices/high input costs.

Before I get into this, I simply want to ask the question that farmers are asking me about the new deputy minister. No matter where I go, they are asking who this man, Duncan Allan, is; what does he bring to the agricultural portfolio; what experience does he have in agriculture; what was the reason this man was appointed? I do not know. It may be a joke to you people up at the front there, but I will tell you, it is not a joke with the farmers.

The farmers know that this ministry has been wandering somewhat aimlessly ever since the days of Bill Stewart and Ev Biggs. I have a feeling that the farmers would like to see the return of some people to the ministry who are prepared to make decisions. We know that Ev Biggs was certainly prepared to make decisions. We know that Bill Stewart was prepared to make decisions. We know they both had a tremendous grasp of the agricultural business. But the farmers are wondering what kind of a grasp the new deputy minister has of agriculture, in that he is not in any way trained in the agricultural industry—as far as I know. Sure, he is an economist and it will be very interesting to hear what he has to say about the economic situation that farmers are facing today.

I would hope, Mr. Minister, that you would give him a chance to expound on some of the views he has for the farmers of this province, who are going through very difficult times, as you well know.

So, in responding to my remarks, I would like you to elaborate somewhat on your deputy

minister and what you feel he is bringing to this agricultural portfolio. Is he a man who has been appointed because he can make decisions?

I know he has been with other ministries; I think he has been a bit of a trouble-shooter in other ministries. Is this the reason he was brought into this ministry—to do a little bit of trouble-shooting, to make some of the decisions that have to be made, some of the tough decisions that have to be made?

I want these questions answered because I have to go back to my farmers and explain to them why we now have a deputy minister who has no background in agriculture. Or is that important?

Mr. MacDonald: You do not have to be a chicken to know how to lay an egg.

Mr. Riddell: I think it is somewhat important.

Mr. Laughren: I thought you did have to be a chicken to lay an egg.

Mr. Allan: It helps to know how.

Mr. Riddell: As I said, the major concern of Ontario farmers today is the high interest rates. You talked about the number of services you provide. I am sure the farmers would say to you, "Who do you intend to provide these services to if things continue the way they have during the last two years?"

We question you in the House about provincial programs to assist the farmers and we get the same response every time. You alluded to the same thing in your opening remarks: It is a federal responsibility; you are annoyed at Eugene Whelan for allowing the interest rates to go beyond 14 per cent.

I am not too sure that long-term credit for farmers is what we are needing right now, as one of the very reasons that farmers are having problems today is perhaps because of the easy credit they were able to get, the way they used the money to buy more land, to buy big equipment, oversized equipment they did not need, and then they got themselves into some difficulty. But as long as that credit was available, they made use of it.

We do not want to continue on this old treadmill. I do not believe that the answer is continuing to give farmers long-term credit at low interest rates. But the farmers have just simply been doing what you people have been advocating since the days that a committee was established by Bill Stewart to look into this whole question of farming, farm incomes, et cetera, and they came in with the report, which you are probably familiar with, called *The Challenge of Abundance*.

One of the recommendations in that report was that farmers must expand and become more efficient. We have probably heard that every year from the Ministry of Agriculture and Food here in Ontario—that farmers must become more efficient, they must expand their operations in order to do so, and the farmers have done this. Now these are the very farmers who are in trouble.

Let us not kid ourselves. It is not just the inefficient farmer who is in trouble today. It is that guy who followed your advice, who was prepared to risk capital in order to expand his operation. He was able to get money at reasonable rates of interest in order to do this. It helped to drive the price of land up—there is no question about it. The farmers, in expanding, were going to pay the top price for land if that was required to expand their holdings, and in many cases they went out and they bought oversized equipment, which I am not convinced they needed, but still and all, they had the money.

I well recall what happened just a few years ago, if you went into the bank to get some money—I have a son-in-law, for example, who went in to get some money in order to expand his hog building. The banker did everything he could possibly do to convince him that he also should borrow an additional amount in order to put in a liquid manure system, which he did not want. He did not want a liquid manure system. He is still prepared to go in with a front-end loader and load the manure and spread it in the field. But the banker did his best to try to get him to borrow the additional money.

Look what the bankers are doing now. The very people who they encouraged to borrow this money are the ones on whom they are now foreclosing.

So I am saying that maybe part of the fault today is the easy credit which was available that got everything way out of line. Farm values are way out of line; farm machinery; all your input costs; and now the farmers are faced with these high interest rates.

When they borrowed the money to expand it looked reasonable at eight, 10 and 12 per cent interest, but now, when they are having to pay 24 per cent interest, there is just no light at the end of the tunnel. They just cannot cope. It was never figured in their program in the first place. They never dreamed that interest rates would go that high.

I am not blaming you for the interest rates going to 24 per cent. Sure, the monetary policy

is the responsibility of the federal government. I am not convinced that the federal government is doing the right thing by allowing these interest rates to go to that extreme.

If you talk to different economists on this they all have different points of view. Some economists say we are doing the right thing. If you were to talk to Dr. Ken Galbraith, who is the head of the economics department at Harvard University, he will say the most ridiculous thing the government ever did was to allow interest rates to go to those heights.

So, you have varying points of view on the part of the economists and maybe this is why governments do not know what to do. They are talking to different economists and one economist tells them one thing and another economist tells them another. This is why I would be very interested in what Duncan Allan has to say.

Mr. Nixon: Did they not both go to OAC—Galbraith and Allan?

Interjection: Galbraith did.

Mr. Riddell: But the fact of the matter is, Mr. Minister, you just cannot shirk your duties. You just cannot say, "It is a federal responsibility and there is nothing that I can do." Because let me tell you, this is the only province that is not doing something to provide immediate relief to its farmers. Prince Edward Island does not have an interest subsidy program, but it does provide grants to its farmers.

9 p.m.

Farm interest rate subsidy inequities between provinces are a major area of debate in the current controversy over increasing farm insolvencies in Ontario, but comparison figures have been hard to come by. Provincial Treasurer Frank Miller admitted to an Ontario Federation of Agriculture meeting that Quebec, in particular, has a richer farm support program than Ontario. But Mr. Miller said one important reason is that Quebec receives \$1.8 billion in federal equalization payments, while Ontario has to pay out \$1.5 billion.

There is some question about some of these figures. If you write to Ottawa to find out what federal agricultural expenditures are by province, you will find that in 1979-80 Ontario received \$263 million compared to Quebec with \$200,531,000, according to the figures here.

Mr. McNeil: What was that figure, Jack?

Mr. Riddell: Federal agricultural expendi-

tures by province in thousands of dollars: Quebec \$200,531—that is thousands—Ontario \$263,001.

Hon. Mr. Henderson: Is that the money we spent?

Mr. Riddell: Federal agricultural expenditures by province.

Hon. Mr. Henderson: Oh, okay.

Mr. Riddell: Federal expenditures in agriculture in millions of dollars: federal agriculture, Ontario, \$335.8 million; Quebec, \$210.6 million. On the provincial level: Ontario, \$182 million; Quebec, \$367 million.

So sure, Mr. Miller was right when he said that Quebec has an enriched program, but the fact of the matter is, Mr. Minister, we are competing with all these other provinces that have these enriched programs, if you want to put it that way.

The federal survey shows some healthy capital interest subsidies paid from provincial coffers to their farmers. Just to quickly run down them: Newfoundland gives five per cent subsidy to new farmers for their first 15 years. Prince Edward Island has no subsidies but makes outright grants. New Brunswick gives interest-free loans for the first year to new farmers. For the next five years those farmers only pay three per cent interest and all other farm loans receive a three per cent subsidy.

Nova Scotia provides a six per cent subsidy on the first \$50,000 loan for new farmers. All farmers receive a 2.5 per cent subsidy on farm loans. The province pays the total interest on Farm Credit Corporation loans to farmers under 35 years of age.

In Quebec, new farmers pay 2.5 per cent interest on their first \$15,000 loan, and then pay 8.5 per cent on the next \$130,000. Ontario, none.

Manitoba gives to new farmers a four per cent subsidy for the first five years. Saskatchewan gives six to 10 per cent subsidies to new farmers, depending on the net worth and assets of each farmer. In Alberta, new farmers pay six per cent interest and anything above that is subsidized. British Columbia farmers receive a subsidy of one per cent below the prime interest rate on the first \$10,000 loan.

According to the federal survey of all provinces for the 1980-81 fiscal year, Ontario received the largest chunk of federal agricultural dollars, \$335.8 million, but put only \$182 million of its own money into the industry. Elsewhere the agricultural industry received funds from provincial and federal governments as follows.

Newfoundland: the province, \$8.2 million; Ottawa, \$4.1 million. Prince Edward Island: the province, \$8.3 million; Ottawa, \$14.9 million. Nova Scotia: the province, \$22.2 million; Ottawa, \$19 million. New Brunswick: the province, \$16.6 million; Ottawa, \$12.6 million. Quebec: the province, \$367 million; Ottawa, \$210.6 million. Manitoba: the province, \$37.1 million; Ottawa, \$66.2 million. Saskatchewan: the province, \$114.2 million; Ottawa, \$76.1 million. Alberta: the province, \$98.1 million; Ottawa, \$88.7 million. British Columbia: the province, \$67 million; Ottawa, \$43 million.

If you were to compare the number of farmers in those provinces, you would find that the provincial financial situation, the amount that the province gives to the farmers, is lower in Ontario than any other province in Canada.

In other words, the agricultural portion of the total provincial budget amounts to 1.17 per cent, which is about the lowest of any in Canada, and that includes your property tax rebates. That includes the crop insurance premiums which are paid back by the federal government. That also includes the tile drainage loans, which are subsidized but are still loans which are paid back by farmers. If you were to take all those out of the provincial allocation to agriculture, you would find that this province's share of the total provincial budget for agriculture amounts to a little over a half of one per cent.

Farmers cannot understand why it is that this government can reach into the barrel and pull out money to help Chrysler, to help Ford, to help Massey-Ferguson. They simply cannot understand why these larger industries can receive assistance from the government when they are in trouble and yet when the agricultural industry gets in trouble—the industry that still provides about 30 per cent of all the jobs, if you are going to talk about the people who are working in areas related to agriculture; it is still a primary industry in Ontario—the government has no money to help it out of a difficult situation. That happens to be the situation that farmers find themselves in today with high interest rates.

I do not know what the reason is. I just fail to understand why both this provincial government and the federal government are prepared to see farmers go into bankruptcy. Mr. Minister, I know that you have small towns in your riding, as I have, and you take a drive through these towns—I do not care whether it is Goderich or Exeter or Seaforth or what it is—you will find

stores being vacated, empty stores in the town, because these rural towns in Ontario depend so much on the farming industry and when the farming industry goes dead, so do the businesses in the smaller towns.

If you talk to the merchants they will tell you that because the farmers are not doing well, because the farmers are going broke, because the farmers do not have any money to spend, they cannot sell their goods. So we are going to see not only farmers going into bankruptcy. In rural Ontario particularly we are seeing the small businessmen going into bankruptcy, closing out their businesses.

We are going to see processing plants going under. I know that, from talking to the manufacturers of tile, whether it be clay tile or plastic tile, they have closed out some of their businesses. They are going to have to lay off their people because farmers cannot afford to buy the tile. A lot of the clay tile plants have completely gone under. Plastic tile has pretty well taken over, because plastic tile is, as you know, a little cheaper now than clay tile.

Farm machinery dealers, if you talk to them, are not making sales; they are selling used equipment, they are not selling new equipment; they are going through tough times. So you can talk about all of these suppliers to the farming industry and they will all tell you that they are really suffering because the farmer in Ontario is suffering.

You do not hear too many farmers in other parts of Canada complaining. The complaints seem to be coming from the farmers in Ontario because they just do not see any relief whatsoever from the provincial government, and certainly they have not seen any relief from the federal government.

9:10 p.m.

I am not in any way supporting the federal government because I really think that even they have forsaken the farmers. Not Whelan—Whelan, I think, is doing his darnedest to fight for the farmers, but he is not getting the support of his cabinet colleagues. I know that he fought tooth and nail to hold the interest rate on the FCC to 14 per cent, even to the point where he started phoning members of provincial legislatures to ask that they send telegrams to MacEachen to encourage him to keep that interest rate at 14 per cent. It did not work, the interest rate went up to 16.75 per cent. About all we saved was maybe a quarter of a per cent because it was destined to go, I believe, to 17 per cent.

It just boggles my mind why you do not feel it necessary to provide relief to those farmers who need it. I am not saying that we should be giving relief to those farmers, say, who are producing under a supply management program, because I do not think they need it. They can build their costs into the formula pricing.

I am not saying that we should provide money to those farmers who are simply going to use it to go out and expand their operations. That is not what we want to do. We do not want the farmers to go out and buy more land, we do not want the farmers to go out and spend money on oversized equipment, because that is simply contributing to inflation. But there are those farmers who have followed your advice and have expanded and now they are in trouble with the high interest rates. They need some assistance and I think these are the farmers whom we have to assist.

I believe you had \$30 million a year ago to subsidize interest rates for the farmers. I think \$5 million were used; I do not know where the other \$25 million went, but I know it would be very nice if it were available for the farmers who need it in order to retain what has been an efficient, viable operation.

The farmers fail to understand why it is or where the priorities of this government are. I am not trying to be funny about this, but they read in the paper where the Premier (Mr. Davis) invests over \$10 million in a jet to get him around to different places in the province.

Mr. Nixon: It will not even land at Goderich.

Mr. Riddell: That is right. They see where the millions of dollars have been spent on Minaki Lodge, which has been a white elephant to the government. They see the millions of dollars that the government spends in crazy advertising—I think it is crazy. Some of the advertising is not bad, but a lot of it, as far as I am concerned, is useless and we could do without it. Yet the government will continue to pour this money into advertising and the farmers every day are losing their farms.

Where in the hell are the priorities? Is it more important to advertise government programs than it is to try to keep our farmers from going into bankruptcy?

I just do not understand it. I have been in this business for over eight years and I have never in my life seen a government that seems to be wandering so aimlessly and does not seem to know what to do, does not seem to care about the farmer, does not seem to care about the small businessman, let alone care about that

person who is going to have to turn the key in the door and walk away from his house because his mortgage is coming up for renewal and he is not going to be able to carry on.

Where are we heading with all this? I just hate to think what the outlook is. I do not know. I just see where we are going to have more farmers going bankrupt as time goes on.

You read all the articles in the papers. Difficult Challenge in the Farming Future says we are seeing a lessening importance of the family farm. We are seeing more foreign ownership of land. We are seeing higher land prices. We are going to see co-operative farming ventures now common in Europe.

Local farmers may not be able to carry on specific types of operations. Beef, pork, certain fruits and vegetables and greenhouse-type operations are threatened species of agriculture in this province.

The article goes on to say that farmers are going to have to adapt. The process has already started, but it is threatened by current economic trends.

This is by what I consider one of the better agricultural reporters, Doug Williamson, who writes for the Windsor Star. "High interest rates are killing the chances of young farmers to get in and stay in the business."

I am sure that most members in this room have a chance to meet with the federation of agriculture. I would just like to read you a short brief that was presented to the members of Parliament in Huron county. It goes as follows: "It is unlikely that any beginning farmer ever found his first few years in business easy. The young farmer of today faces a high wall of exorbitant interest rates, runaway inflation, increased investment costs, high land prices and poor returns.

"Statistics indicate more and more potential young farmers are leaving the farms to take secure jobs in other areas. Without help, those that stay face an insurmountable task. The young farmer of Ontario has even more difficulty, since every other province in Canada has better agricultural progress than Ontario for young farmers.

"The only substantial assistance this province offers farmers comes from the tile drainage program." And I will have something to say about that. "This is of little solace to the young farmer who cannot afford to buy a farm in the first place. Ontario does, however, offer the antiquated Ontario young farmers credit program to assist in borrowing bank funds at prime

plus one. Since most of us can get this at our bank, only eight individuals endured the red tape for this help in 1980." Eight people received that young farmers credit program in 1980.

"In contrast to Ontario, Nova Scotia young farmers can borrow up to \$200,000 at six to eight and a half per cent for 30 years, and Quebec offers up to \$250,000 at rates of two and half to eight per cent for 39 1/2 years. Most other provinces also offer significant low-cost, long-term rates to their young farmers.

"Besides the chartered banks, the only other place Ontario young farmers can get money is at Farm Credit Corporation. In the past Farm Credit has provided farmers with a large portion of their long-term financing. In 1967, the portion was 65 per cent. In 1979, FCC's share was 39.8 per cent, and it is forecast to drop as low as 33 per cent. The waiting lists are getting longer at FCC offices and the available funds fall short of supplying everyone's needs. This shortfall must be filled.

"The Farm Credit Corporation's budget must be increased to help more young farmers get established on their first farm." And you alluded to that, Mr. Minister, in your remarks. "If these increased funds are not available from the federal treasury, other ways of obtaining money must be explored. With the proper incentives, many retiring farmers would invest their farm proceeds in Farm Credit to keep it an ongoing, viable source of financing.

"Ontario was one of the few provinces left with no protective legislation against nonresident foreign ownership. Quebec, Saskatchewan, Alberta, Manitoba and Prince Edward Island all limit foreign ownership of farm land. Some provinces even restrict nonfarming corporations from owning farm land. This nonaction stance encourages foreign ownership.

"According to the rural development Ontario program study, 7,280 acres of Huron's best land was foreign-owned. This absentee foreign ownership has a direct impact on young farmers by breaking the cycle of retiring farmers turning their farms over to young beginning farmers. By their aggressive purchasing of the best farm land at world prices, they are establishing the price of farms much higher than the realistic market value for this area. We must stop this problem now before we lose a whole generation of young farmers.

"Any farmer producing a commodity supported by supply management would be quick to point out the many advantages and the

relative security of operating in such an environment. However, the young farmers wanting to start an enterprise controlled by quotas find a severe financial hurdle to overcome trying to afford enough quota to make a living in that commodity.

"Since one in every five jobs in Ontario depends on agriculture, it would make sound economic sense for both our provincial and federal governments to support our young farmers so that the agricultural industry can continue to be as strong in the future as it has in the past."

9:20 p.m.

That is a brief that was presented to the federal and provincial members of Parliament in Huron county, so you can understand what their major concern is. We could talk about the plight of the farmers and their present dilemma, and I only hope that the minister will back up what he said on television.

I watched the program. Of course, you blamed the federal government again for the plight of the farmers and the high interest rates and what have you, but you went on to say that if the federal government is not going to come to the rescue of the farmer, then the Ontario government will.

Now, if you are going to live up to that commitment, then I would like to know what program or programs you have in mind for these farmers. I hope you will indicate very soon what this government intends to do, because with the prices that farmers are now getting for their crops being harvested at the present time—and believe me, a lot of the farmers were just hanging on by a thread, hoping for all hope that they would get good yields and good prices this fall. But you understand what has happened. You know that the weather played havoc with the bean crop. The yields were decreased tremendously because of the weather. The sample is poor; a lot of the beans went grade three or worse. The moisture was bad, and the only hope they had was that they might get a decent price.

And look where the corn is. Corn is now less than \$3 a bushel and is predicted to go perhaps to as low as \$2.50 this fall. You know and I know that a farmer cannot grow corn and sell it for \$2.50 a bushel. But he still has that 24 per cent interest to pay.

Last year I believe statistics would indicate that the farmers received something like two and a half per cent on their investment. Now how in the world can a farmer receive two and a

half per cent on his investment and have to pay 24 per cent interest in order to keep operating? He simply cannot do it.

The farming industry is different to any other industry you can name, because the farmer cannot put a price tag on his product—unless, of course, he is growing under a supply management program. These are not the farmers who need help, and these are not the farmers who are complaining.

I have not received a complaint from a dairy or egg producer or a turkey producer or a broiler producer. The complaints have been coming in from the beef and the pork producers because, as I say, they cannot put a price tag on their product. They have to pay the high costs, including the high cost of money, and take whatever the market will pay them. They just simply cannot continue.

Now I do not know whether that means we should looking at a marketing board for beef cattle. Here again, I would like to hear your deputy minister elaborate on that. I heard him briefly at a meeting we had the other day and I believe he said that a marketing board for beef cattle is simply unworkable.

Maybe I misunderstood him, I do not know. I happen to think it is unworkable. I do not know how you would work a marketing board into the beef industry. I would like to be convinced that I am wrong, but I do not know how the beef producer is going to be able to continue to operate when he does not have a supply management program, a formula pricing system, and just sells his product at whatever the market is prepared to pay at the time.

I suppose we could go on and talk about interest rates and what is happening to our farmers, but I sure hope that the minister will be announcing some kind of a relief program for the farmers that need it. I am not suggesting that every farmer should be getting help.

The second major concern that farmers have today, I would say, is the lack of money from the provincial government for tile drainage. I think the minister will agree with me that no other provincial program can improve the productivity of land while reducing the energy requirements for land preparation, planting and harvesting, as can the tile drainage program. It has been a good program, farmers have made good use of it, but now the money is restricted. The amount budgeted for tile drainage loans for 1981-82 has been reduced to \$25 million, down \$5 million from last year, and about one half of the present Ontario demand.

The Minister of Agriculture and Food has been encouraging municipalities to limit the loans which the farmers can receive to 50 per cent of the cost instead of the previous 75 per cent. The government's promise, contained in their BILD program, was to increase drainage assistance for the improvement of one million acres of farm land in eastern and northern Ontario. The acreage improvement fund which was promised to provide the financing for this program has never been established, to my mind.

Mr. Nixon: I thought the deputy wrote that program.

Mr. Allan: That was back—

Mr. Riddell: And no funding has been provided for the program in the 1981-82 Ontario budget.

Besides increasing the amount of money available, allocation methods should be changed. Townships are allocating funds on the basis of historic demand. This has left eastern and northern municipalities, where the program has just taken off, short of money. So I think there has to be a different method of allocating this money, because eastern and northern Ontario were the last to really make use of the program.

Mr. G. I. Miller: And southern Ontario. There are a few counties down there that—

Mr. Riddell: Well, yes, a few counties, but I would say southern Ontario—

Interjection: Haldimand.

Mr. G. I. Miller: Sure. Haldimand and Norfolk.

Mr. Riddell: But I would say southern Ontario had been moving right ahead with the tile drainage program, and therefore they are entitled to a far greater allocation than are eastern and northern Ontario.

Perhaps this is the reason you made the recommendation in the BILD program that northern and eastern Ontario were going to be helped, but to this time they have not received that kind of help. Their allocations have not been increased, and yet they are most anxious to get some tile put into that land.

I have talked with the minister before about some of the townships which have indicated that, although the minister promised they would get 50 per cent of their last year's initial allocation, some of the townships have ended up with considerably less than 50 per cent, some 40 per cent. When I brought this to the minister's attention, he indicated there had to

be something wrong with the figures at your end; and I would hope that this has been rectified.

I guess the last thing I might mention is the property tax reform. In the last budget the Treasurer (Mr. F. S. Miller) proposed that all farm land and managed forest would be exempt from property tax, while farm houses and the property the farm house occupies would be assessed at market value. Maybe this does not fall under your jurisdiction, Mr. Minister, but I would hope you would make some comments on it, because I am sure you talked to the Treasurer about the proposals he is making.

As you well know, farm assessment is now based on productive value, and then farmers get one half of their tax from the province in the form of a rebate. Discussions have been going on with farm groups and the government is now suggesting a number of changes to their original proposal. Some of the major changes proposed are: First, a change from a tax exemption to a rebate. The farmers would still pay their property tax on the farm but would be rebated 100 per cent by the government. The Ontario Federation of Agriculture would prefer a tax exemption in the long term, but is willing to go along with the 100 per cent rebate for a one-year trial run.

I am not too sure that the OFA is voicing the views of all the farmers on that matter. Farmers fear that they will start to lose control of their lands if the government pays the tax on it. This was the big fear at the time of the Blair commission report, as you well recall, and some farmers still hold that fear.

9:30 p.m.

Second, the government wants to change the definition of a farmer from the present one of \$4,000 in gross sales to \$15,000, plus a yearly farm index. If the yearly index were 15 per cent, the definition of a farmer would climb to \$24,000 in five years, and \$39,000 in 10 years. I do not think that farmers, or the organization representing them, support this change, because it does not take into account the bad years that farmers have.

Third, for livestock producers the government's definition would be \$15,000 of net sales, not gross sales; that is, livestock sold minus livestock purchased. This proposal would discriminate against one sector of the industry. What about a farmer who has to sell for less than he buys because of low prices? Or if disease kills the herd?

Fourth, it is proposed that leased land should

be separated from the farmer's total farm and gross sales on the land of \$15,000 would be required to qualify for a rebate. It is possible that the owner of leased land would raise the rent on his property if the tax were not rebated because a farmer failed to produce \$15,000 in gross sales.

Fifth, for assessment of the house property, the government is proposing to include one acre for assessment. It will be assessed at market value, which means that farms located near major urban areas will be penalized, since in most cases their assessment will be higher than in rural areas. I know that farmers and their organizations would prefer to see farm land assessed equally throughout the province, and based on productivity level.

I do not know whether you have been discussing these matters with the Treasurer or not, Mr. Minister, but I would be interested to know just what negotiations are going on between your ministry and his ministry and, indeed, what we might look forward to in connection with property tax reform for next year.

Mr. Chairman, that is all I intend to say in my opening remarks. Again, I simply reiterate that it is the high interest rates that are killing farmers and small business people today, and I just do not think that we, as a provincial government, should sit on our hands and do nothing simply because you feel it is a federal government responsibility.

No one denies the fact that the monetary policy is the responsibility of the federal government, but other provinces have not sat back and said: "Well, that's tough. There's nothing we can do." They have all come in with some kind of program and I would be very interested to know whether you have some kind of relief program in mind to try to keep in business that efficient farmer who followed your advice or the advice of the Ministry of Agriculture and Food in the first place by expanding to become more efficient, and who now finds he cannot cope with 24 per cent interest when he was planning his program on a 12 per cent interest basis.

So, when you have a chance to respond, I would hope you would indicate to us what kind of programs you have in mind, if indeed what you said on television had any validity or truth—or whatever strong word one can use—because you definitely stated that Ontario will not see the farmers suffer.

Mr. MacDonald: Mr. Chairman, I am relieved that the Liberal critic said he was going to leave the burden of his remarks for the estimates at a later point. After the minister's 45-page introduction and these brief remarks of his by way of a kickoff, I have a clear conscience in terms of spending a little time to take an overall view of the industry.

I would like to agree with the Liberal critic with reference to my hope that this year we will handle the estimates—I know, Mr. Chairman, as I see you sitting there with a firm hand, that it will be done—in an orderly fashion. My understanding of the approach to estimates is that the minister leads off, the critics have their say, the minister responds to the critics and then you move into the estimates.

On the main office, you can discuss policy issues, which is another potpourri of general issues that are policy. Having done that, you then stick to the estimate religiously through to the end of the 18 hours. I hope that you, Mr. Chairman, will be fairly rigid. If you chop me down at some point because I am wandering, I will invite the chopping and relish it as long as it is evenly applied.

I read the press releases and the newspaper clippings of what the minister has to say across the province rather avidly. The \$2 million PR budget that the Ontario Ministry of Agriculture and Food has is a fairly lucrative section of the ministry and there is a magazine or a paper that flows out. I repeat, I read it all avidly.

The one that really caught my fancy was not one of those releases but a newspaper story in a new farm magazine that circulates in Perth and Oxford counties. It is entitled *Farm Update*. Its first issue contained an interview with the minister and with Jack Riddell, the Liberal critic. The minister had some interesting comments. "Mr. Henderson said: 'Mr. Riddell is a grandstander. The Liberals like to see his name in the headlines. He is a totally negative member of the Legislature.' 'What would happen if a man like him got to be minister?' Mr. Henderson wondered. He was highly critical of the attitude the Liberals have taken in the House and said, 'It doesn't matter who a member is or from what political party as long as he takes a responsible position.'"

Now take note of this: "Mr. Henderson mentioned York South NDP MLA Donald MacDonald and Kent-Elgin Liberal Jim McGuigan and Grey Liberal Bob McKessock as members who take a responsible position on farm issues." So having listened to the

Understanding and the negative from Jack Riddell, I am glad to proceed now to deal with some constructive approach to the Ministry of Agriculture and Food.

The general state of agriculture is too well known to require any serious and belaboured elaboration here today. I was interested to hear at the food show on the CBC a week ago Sunday that I presume was one of the latest statistics to the effect that in this country net farm income—what's left to the farmer after he has to pay all his costs of production and everything else—was down seven per cent. Almost leading the pack in terms of a drop was Ontario.

This is nothing new. Agriculture has traditionally experienced the cost-price squeeze. It was the same throughout the 1950s and 1960s. It has become worse throughout the 1970s. What with energy, high interest rates and things of that nature, it is even worse now.

The immediate question, I want to suggest, is not so much what we are going to do for agriculture in the long run, though obviously that is something we should take a look at. The immediate question is how we are going to shape policies that might be described as survival policies just to keep agriculture afloat. Otherwise we are going to end up with an agricultural industry that is decimated.

Throughout the 1970s, Ontario lost on an average 1,000 farmers a year. It is estimated that the period we are going through, we may well be losing farmers at the rate of 5,000 in a year. In other words, the situation is going from bad to worse.

It is not all just capsulized in the bankruptcies. As the Ontario Federation of Agriculture, through their president, pointed out some time ago, for every farmer who declares a bankruptcy there are at least 10 who sell their land and equipment and drop out of agriculture when they have some measure of solvency so they are not going to lose all of their equity.

The reasons for this are complex; everyone acknowledges that. They are partly international and they are certainly, to a great extent, national. Even the Liberals are berating their fellow colleagues in Ottawa for the inadequacies of agricultural policy there. However, I think there are three reasons that are strictly provincial, strictly provincial, that have particular reference and relevance for consideration in these estimates.

9:10 p.m.

The first reason is that this ministry has really been drifting increasingly for the last decade.

That drift had set in even before Bill Stewart left, though I would agree with everybody else that Bill Stewart was a person who knew something about agriculture and had some influence within the cabinet, though he had the usual kind of battle.

I was talking to a person, whom I better leave unnamed for his future usefulness in the industry, who knows the industry of agriculture very well. He made a rather interesting comment to me.

Hon. Mr. Henderson: Him? Duncan Allan?

Mr. MacDonald: No, not him. We will get to him in a moment. He said, "Can you think of a single idea that had some innovative quality to it that the Ministry of Agriculture and Food has brought in in the last 10 years that was not really forced upon them by the farmers, bludgeoned for a considerable length of time before the ministry finally responded?"

His answer was that there had not been. The ministry is drifting. There are too many threadbare ideas. There are too many outworn practices. This ministry has gone to seed, perhaps an appropriate term in agricultural estimates to describe it.

I want to be fair here. I am not suggesting that there are not in the Ministry of Agriculture and Food a lot of good people, a lot of capable people. But there is something wrong in terms of getting the best potential out of all of those good people, and the potential seems to have been dropping consistently in recent years.

I was reflecting on this the other day and it occurred to me that maybe an appropriate analogy is that the Ministry of Agriculture and Food is like the Argonauts. Take a look all across the country in terms of what this ministry has done as compared with other ministries in all the other provinces—and I borrow all of the statistics that Jack Riddell has put on the record with regard to it—and you will find that this ministry is like the Argonauts. There may be a lot of good people within it, but in terms of the product that it is coming up with to serve the farmers of the province of Ontario it is not a good enough product.

Rumour has it that the new deputy minister was brought in to cope with this situation. He has a reputation of being willing to grasp nettles, to face up to situations that require some radical surgery and some changes. Though he will not listen to me at this point, I wish him well. I assume that in the next year it is not going to be

the most comfortable year for either him or the ministry as a whole. However, I repeat, I wish him well.

Mr. Nixon: The minister was hoping for Bernard Ostry.

Mr. MacDonald: The ministry's record in terms of patronage appointments would never have Bernard Ostry in his portfolio, if he had anything to say about it.

Mr. Nixon: He could probably teach him a few new tricks.

Mr. MacDonald: There is a second reason why there is a problem, and I think we have to face up to it. It was implicit in some of Jack Riddell's comments. Agriculture is really a step-child of this government. Agriculture is always a step-child in a Liberal or Tory government. Liberal and Tory governments are business-oriented governments. Within a business-oriented government, agriculture is always—back on the farm we say sucking the hind tit. It does not get its fair share.

The biggest battle that Eugene Whelan has, and the Liberal critic has reminded us of it, is not out in the hustings or out with the public. The biggest battle he has is in his own cabinet. The biggest battle that Bill Stewart or Bill Newman or Lorne Henderson had is in his own cabinet; in other words, to get from a business-oriented government an appreciation of the problems of agriculture and the entitlement that agriculture should be given out of the overall budget.

The traditional approach of Liberal and Conservative governments has been to regard agriculture as primary production, that is just another raw product like minerals or forest products, to be exploited by the processor or the manufacturer. When the late J. S. McLean was before a committee that was looking into prices generally and food prices in particular, back in the 1940s, he put it very succinctly. He said: "I pay the farmer as little as I can and I charge the consumer as much as the traffic will bear. That is business." That is business. Agriculture is a raw product just like minerals and forestry and it has been treated that way for too long.

Eugene Whelan fights a valiant battle, but it is a pathetic battle. He condemns high interest rates. He rails at the banks for what they are doing in terms of exploiting farmers. He responds very sympathetically to the farmers' plight, but he cannot follow through.

It was fascinating a week or so ago when MacEachen took the bankers up to that cabinet

retreat in Meach Lake outside of Ottawa and asked them what they were going to do. The bankers said: "Look, there is no problem out there at all. There are only a small minority of people who are suffering. Do not worry about them at all. Your policies are correct and our policies are correct." That is what Eugene Whelan has to deal with.

Now, of course, Eugene is being driven to the edge of the precipice. I do not know whether he really means it, and I understand he is even denying it now, but I heard it on a tape and it was as clear as crystal. "I shall not remain your Minister of Agriculture if I cannot get a more meaningful response to meeting the farmers' needs on the high interest rate problem."

Mr. Nixon: A more meaningful response.

Mr. Laughren: That is what we want to hear.

Mr. MacDonald: Right. The same thing is true here. Bill Stewart, Bill Newman and Lorne Henderson were battling within the cabinet. Bill Stewart did it with some wallop and Bill Newman with less wallop. I have a suspicion that Lorne Henderson does it with even less wallop in terms of influencing the cabinet to meet the needs of farmers. The cabinet will concede only what is necessary to hold the farm vote—a few crumbs, a few Band-Aids—and we will get to that to show you just how much Band-Aid assistance we have had this year. There are never any fundamental solutions. There is no answer except the answer we always get from the minister—blame it on the feds. There is an interesting contrast.

We all learned a year or so ago to our amusement, if it was not quite so sad, that our provincial Treasurer is an interesting fellow. He used to be in the car business and he understands the car business. He is also a jogger. One morning last December or January when he was jogging around Queen's Park he had a bright idea. The car dealers are having a problem. They have a huge inventory and they have to move that inventory. The bright idea was that for six or eight weeks we would knock out the sales tax so that we can get the cars flowing again.

When he announced it the car dealers were the most stunned people in the world. We are always told that every new idea, every new policy idea, has to go through a process. It emerges from the minister or it emerges elsewhere and it has to be considered by the policy secretariat. Then it has to go to policies and priorities and to the management board. Bu

There was a bright idea that the minister picked up while jogging around Queen's Park and, bingo, it was through the cabinet even though it was going to be—so they estimated to begin with—a drain of \$15 million on the treasury. I repeat, the car dealers did not have to ask for it.

Contrast that with what happens in agriculture. Agriculture has been pleading for the government to move and do something about the high interest rates. But there has been no reaction from the government. We will get to exactly what the reaction was in a few moments.

One of the leading farm columnists in Ontario had it rather neatly summed up. He said, "The Tories have tended to flounder and follow rather than lead during the last four years." The only thing wrong in that sentence is the "last four years." They have been floundering and failing to lead for something more than the last four years.

5:50 p.m.

Let me move to the third reason. This is always mildly embarrassing, but I think the kettle has to be grasped. The third reason we are in trouble in agriculture is the minister. There is nothing we can do about it, and I am not going to scream from the rooftops about it. Perhaps I can put it on the record best by quoting from an editorial from a newspaper in one of our primary agricultural areas, out in Waterloo county, the Kitchener-Waterloo Record of June 10, 1981.

It says: "It was never quite clear why Premier Bill Davis saw fit to take Lorne Henderson, MPP for Lambton, into his cabinet in 1975 as a Minister without Portfolio. Henderson was a ambling, old-style politician with a solid patronage control over his riding, a Tory back-bencher of loud voice and little substance, but a farmer who, rumour had it, had great pull with the Conservative government's traditional rural constituency, and that, we suppose, was sufficient or this hungry veteran of the Legislature to force his way into the jittery Premier's first minority government.

"After a brief and undistinguished career as Minister without Portfolio, Minister of Government Services and cabinet chairman, Henderson got his chance when the Premier named him Minister of Agriculture. But just as it is impossible to turn an old war horse into a beautiful trotter, Henderson was unable to add some substance to his painfully thin political record, and his alleged record with the prov-

ince's farm community, if it ever existed, went down steadily until it collapsed with a thud this month. He was jeered by his own Tory farmers."

Mr. Riddell: Do you not wish you could change that interview now in Farm Update?

Mr. MacDonald: The fact of the matter—and this is something that we just cannot escape—is that the Minister of Agriculture and Food is discredited in the agricultural community. I suppose one might add to what the editorial writer said in the Kitchener-Waterloo Record a comment also from Jim Romahn's column of March 2, 1981.

He said: "Henderson seems to be doing his best, but it is painfully obvious his best is not good enough. He is an embarrassment to farmers in the agricultural industry. Even at his showpiece agricultural conference earlier this month he mangled his prepared text and his duties so much that farmers winced. He has shown so much favouritism and patronage to Lambton county that they should set up a polling booth at Queen's Park for displaced Sarnia area voters.

"There have been complaints from leaders of chicken, turkey and egg marketing boards about the likes of Bob Boyd and Shirley Hazelwood, both Henderson constituents appointed to the Ontario Farm Products Appeal Tribunal. A chicken board leader shook his head in disbelief as he recounted how Hazelwood asked one question during a day-long appeal on turkey prices, and the question was, 'What is litter?'

"The Davis government seems to have no philosophy about handling the concentration of power within the food industry, on the one hand by large companies and on the other hand by farmers forming marketing boards to defend their interests. If this drift is allowed to continue, the weak will be squeezed aside and eventually there will be an ugly confrontation between the huge companies and marketing boards.

"Likewise, the Davis government shows little leadership in the issue of farm lands and farms. It has become noticeably more difficult to set up and run intensive livestock operations in Ontario during the Davis term of leadership. The Tory administration looks more like a bewildered bunch, wishing they had somebody or some farming and food philosophy to follow."

The whole discredited nature of the ministry and the minister reached its peak some months ago when the Wellington county federation brought in a resolution to the Ontario Federa-

tion of Agriculture. It was headed by Brian Crawley, head of the Wellington federation of agriculture. His comment in regard to the minister was: "He has failed us ever since he got in there. He has done nothing but bluster his way out of his responsibilities. He is an embarrassment. It reflects on the integrity of farmers to have a man of his calibre there."

In another context he said, "The minister is an embarrassment to the intelligence and integrity of farmers. Farmers are not the hicks they were portrayed to be in the past."

That is not an isolated quote. I will not take the time now—I have done it once before during my throne speech last spring—but I could quote comments from virtually every spokesman of every county federation. Gord Waiman of the London Free Press tabulated them at an OFA council meeting in which, even in Lambton, they were damning the minister with faint praise—he was doing his best, or something of that nature.

It is an unprecedented situation when the leading farm organization in this province has called for the resignation of the minister. The minister, nor anybody else, should take any consolation out of the fact that they have tabled that motion two or three times because they are in a cruel dilemma. Do they call for the resignation of the man they have to work with when, for better or for worse, he is there?

Meanwhile, the minister plods doggedly on. He is worried about the plight of farmers, but he is not worried enough to do anything about it other than to blame the feds. His most magnificent comment and quote is, "I am not unhappy with myself." That is from the *Globe and Mail*, April 14, 1981.

In fact, I would not normally report this, but since it has also been reported in the press from the minister himself, I think it is beautiful to put it on the record. After that famous protest meeting in the Constellation Hotel on June 4, the minister came across to me in the House in his delight about that meeting. His delight about that meeting was that he was booed less than Gene Whelan. We have got to a really sorry state when the Ontario Minister of Agriculture and Food has to draw satisfaction from the fact that he was booed less than the Minister of Agriculture in Ottawa.

I repeat, that was a personal comment that normally I do not breach publicly, except that apparently he has said the same thing to Kevin Cox, who reported it in his story in the *Hamilton Spectator* in his report on the meeting.

I repeat, we cannot do anything about this. The *Ottawa Citizen* has called for the resignation of the minister. The *Peterborough Examiner* has called for the resignation of the minister. The *Kitchener-Waterloo Record* has called for the resignation of the minister. The *Windsor Star* has called for the resignation of the minister. The situation rests with the Premier. I suppose, to quote that famous phrase around here, in the fullness of time we may get some reaction on it.

We have to face the fact. It is a very serious problem to be able to cope with agricultural problems when there is a situation in which the minister, and to some extent the ministry, is increasingly discredited out in the farm community for which he is supposed to be the champion.

Let me proceed to take a look at what happened this year in order to document the validity of that basic critique that is being made so widely, namely, the insensitivity of this government with regard to the needs of agriculture, the solid proof that the Tories are floundering and not leading when it comes to dealing with agriculture. We have a growing crisis. As the Liberal critic has put on the record and documented, it is a crisis in part of continued lower returns, but it is also a crisis which is sharpened and confounded by the high interest rates we have at the present time.

It is not that agriculture has not been making suggestions to the government. Last spring, starting in the month of April and refining it up to that protest meeting that was held on June 4 in the Constellation Hotel, the OFA has presented to this government a specific program. It is a program that deals in the long term; it is a program that deals in the short term with what is needed now, namely, survival policies that are required to save agriculture from going down any further than it has gone down.

It is a workable program because it merely demands that Ontario should do for its farmers what most other provinces have done for theirs. Furthermore, it is a prioritized set of proposals, a short term and a long term, in order to meet the most urgent needs first.

10 p.m.

Yet, on June 4, you had 1,000 farm men and women leave their work back home, leave their fields, to crowd into the Constellation Hotel to express their anger. The Premier invited himself to the meeting and was accompanied by the Minister of Agriculture and Food and his provincial Treasurer. What those three cabinet

ministers did and said, in my view, insulted the intelligence of the assembled farm audience. In spite of having had in hand for two months the Ontario Federation of Agriculture set of proposals, the Premier proceeded to lecture his audience about the need to come up with specific workable and prioritized suggestions. "We need suggestions," he pleaded, not apparently having read what the OFA had sent to him two months earlier.

He was followed by the minister, who said nothing about the OFA proposals. Instead he merely escalated his verbal civil war with Ottawa, shirking, totally, any provincial responsibility to at least try to lessen the pain suffered in the agricultural community. Frank Miller, the provincial Treasurer, teased his listeners with the personal belief that the government should come up with some answers "in the next two or three weeks, before the end of the month."

Why do 1,000 farm men and women have to drive all the way to Toronto and crowd into one of the largest assembly halls in the Constellation Hotel in order to break through the massive insensitivity and, I suggest, irresponsibility of a government which refuses to respond to a crisis?

It is too bad that the Premier left that meeting shortly after he had delivered his little lecture, because the next speaker to take the podium was Brian Ireland from Bruce county, who is a fairly forthright individual. He captured the mood and reflected the audience's reaction when he stated, to resounding applause, "Farmers are tired 'of being treated like mushrooms to be kept in the dark and fed on a diet of horse shit.'" Not very parliamentary? I suppose I might be brought to heel by the chairman, but it was what the farmers thought and what the farmers said.

The Ontario government can do something about this crisis. They can do something about the farmers. Before I leave that, I want to deal with another flyer that was turned out at that meeting. We had, for example, in the weeks that followed that meeting, the provincial Treasurer putting out a release dated June 23, some 10 days or two weeks after the meeting, in which he said: "This government recognizes the importance of the farming community to the Ontario economy. We are reviewing a broad range of programs to ensure that the Ontario agricultural sector remains prosperous."

The Toronto Star carried a story on June 10 in which it said, "Plans to provide up to \$100 million in assistance to Ontario farmers will be announced by the end of the week."

"Ontario Treasurer Frank Miller said that the cabinet is studying at least six proposals to help farmers face the twin evils of high interest rates and low prices for their products."

"I am trying to find those specific problems in the farm industry which can be remedied by temporary or long-time government programs," Miller told the Legislature yesterday."

What did we get? The minister has reminded us, rather boastfully, that what the government came up with was a program, a Band-Aid for one section of the agricultural industry—admittedly the one that is maybe in the deepest difficulty, the beef industry; a \$30 million program, \$30 a head for cattle that were marketed in the year 1980, at a time when interest rates were about 18 per cent and are now up at 22 or 23 per cent. It is a Band-Aid that, maybe, has eased the pain somewhat, but it has no element of a long-term solution.

At that same meeting, the minister was insistent on saying that the problem of high interest rates rests in Ottawa. Nobody disagrees with that. Monetary policy falls within the British North America Act as a responsibility of the federal government. Nobody disagrees with that. But the minister cannot, as the Liberal critic has pointed out, continue to cop out in terms of doing something for farmers if the federal government is not willing to do something.

I was interested to find, for example, based on the data in Farm Credit in Canadian Financial Systems, put out by the Farm Credit Corporation, the following figures. The amount of provincial government credit per farm is: in Quebec, \$17,312; in Nova Scotia, \$11,724; in New Brunswick, \$9,189; in Alberta, \$6,140; and when we get down to Ontario, \$1,199—that is the amount of provincial farm credit out.

What we have to realize—and this was rather graphically put in a way that I, as a nonaccountant, had not quite realized. Distributed at that protest meeting on June 4 was a flyer entitled, Dollars Sense—Farms May Not Survive High Costs of Borrowing, by one Donald J. Shaughnessy, chartered accountant.

Let me read two or three paragraphs. Just let me say in advance that I agree generally that there are three groups who are really being victimized by high interest rates—home owners, small businessmen and farmers. Farmers are really small businessmen. They are in the same category. In fact, some of them are really big businessmen in the amount of capital required, a lot more than is required for many

other small businesses. But the difference between the farmers' position and other small businessmen was set forth in this flyer. Let me quote to you.

"In almost all farm operations the revenue-to-assets ratio is extremely low in comparison with other businesses. In farming, a lot of money is invested to make a little, comparatively speaking. This revenue to assets ratio is normally as low as one to five or one to 10 in farming. In other words, farm assets worth \$1 million might produce only \$100,000 or \$200,000 revenue.

"In a business, such as retailing, the revenue to assets ratio is normally two to one, or three to one, and generally, a retailer buys products and sells them at a profit while a farmer must breed, feed, plant, fertilize, harvest and wait. For all these operations, he must invest and borrow heavily.

"What does this wide difference in revenue to assets ratio mean? It means, on the bottom line, that a general interest rate increase from 10 per cent to 20 per cent"—the kind of thing that farmers have experienced in the last year or so—"is at least 10 times more damaging to farmers than it is to retailers."

In other words, the plight of farmers, in terms of the justification for some measure of subsidy to meet farmers' problems when they have got high interest rates, is greater than any other group, without diminishing the problems that those other groups have. Yet, as we have been reminded already, Ontario is the one province, along with Prince Edward Island, which has not had any subsidy at all to farmers—and even PEI has grants instead of a subsidy.

What can and should be done? Just in trying to live up to the minister's stipulation that the New Democratic Party critic deals constructively and positively with, I am going to make two or three suggestions to you. One is what I have referred to many times and, again, as late as this afternoon in the House.

10:10 p.m.

This government saw fit, when they were looking for farm votes, as they were last year, to allocate, albeit a piddling amount, \$25 million as a fund available for subsidizing interest rates to farmers, at a time when the same figure the Quebec government is making available is in the range of about \$67 million for half as many farmers.

They allocated \$25 million, but they put the deadline for the program on March 31, and when only \$5 million of the \$25 million dollars had been exhausted, for reasons that totally

mystify me—it shows how inefficiently the program was run, granted the needs of farmers out there—they wiped out the program at the end of March. This minister was not even able to persuade his cabinet colleagues to retain the appropriation they put in there for vote-getting when the election campaign was on.

It is a shameful proposition. To cop out at that stage and resort to the standard, bottom line argument that this problem is Ottawa problem and therefore we are not going to do anything more about it, I repeat, was a real cop-out.

The second thing is that the government, acknowledging the need to help young farmers. As far back as 1975, it introduced the Ontario young farmer credit program which guarantees loans up to \$25 million. In the six intervening years, only \$8.9 million has been guaranteed, one third of the money allocated six years ago. I was interested to hear the Liberal critic say that there were only eight of these loans given in the year 1980.

Obviously the program is not working. Does the government want it to work? How long do they sit with a program that is not working before they review it and do something to make certain that the money they have promised is going to be available to farmers?

Finally, the government announced—and we will get back to this in more detail, as the Liberal critic has already done—in its April 19 budget that the farm tax reduction program covering 5 per cent of farm municipal taxes is going to be wiped out; instead, property taxes will be lifted from farm land and buildings. I do not know how that is going to work. I would appreciate the minister would give us some clear picture other than to say: "Things are working out nicely. Progress is being made."

The only information we have had, I understand from people who were in the pre-budget lockup, is that the provincial Treasurer said they were going to pay \$2 an acre to local municipalities as a compensation for their tax loss. Two dollars an acre does not sound too bad as though it is going to cover their tax loss, but presumably that was the way he was thinking about it.

If there is going to be something in the equivalent of \$50 million paid out by Intergovernmental Affairs or some other thing, I want to ask the question: In a budget which is already shamefully inadequate—I think the figure is \$191 million; Jack, you were using another one but in that ball park—and \$50 million of that

the tax reduction program, and that is going to be switched somewhere else now, as they switched the \$20 million subsidy to get a removal of the differential of rates in hydro—it is pocketed in other areas throughout the government—does that mean that this \$50 million in the agricultural budget is now going to be available for beefing up your programs to agriculture?

If you do it, you are still going to have only 1.1 per cent of the overall budget. This is hopelessly inadequate; a budget of \$191 million for agriculture for twice as many farmers as they have in Quebec, and the budget in Quebec is roughly \$50 million.

Those are a few areas where we might be able to move more positively in terms of solving the problems.

I want to raise a comment briefly with regard to the BILD program. I do it because the deputy minister is here. Rumour has it—not rumour; the fact has it—that he was the man who was primarily responsible for shaping and administering it during the days of the 1980s and into the election period of 1981. Interestingly enough, at BILD program did what all Liberal and Tory governments have always done, lumped agriculture in with other primary products like minerals and forest products that are to be exploited by the business world, getting it as cheaply as possible.

I have not found anyone in the agricultural community who can tell me what proportion of that great global figure of \$400 million is going to be available for the next four or five years to these resource-based industries. I shudder to think of what the fair share for agriculture will be when they have to cope with the corporate cutout of the forest and the mining industries in Ontario.

Unfortunately, the minister has dealt with something of a review of what BILD has done, in amounts here and amounts there, in his introductory statement. I do not know why, Mr. Minister, you cannot deliver that introductory statement to us in advance so that we can mark and have it and perhaps absorb it more, so that we will be more fully capable of responding—and not have to go back and read it tonight before we go to bed.

I am also interested in terms of the BILD program since the BILD program was directed at doing something about the sad collapse of food processing in the province. I have already put it on the record—and perhaps it is just useful to remind ourselves of this—that in the period

from 1972 to 1978 there was an increase in the deficit in meat in Ontario, produced here and imported, from \$4.9 million to \$38 million; an increase in the deficit of 675 per cent.

If you go to fruits and nuts there was an increase from a \$120 million deficit to a \$314 million deficit, 160 per cent. In vegetables, there was an increase from a \$27 million deficit in 1972 to a \$103 million deficit in 1978, an increase of 319 per cent. In potatoes, which I thought we could grow rather easily and successfully in Ontario, there was an increase of a \$2.5 million deficit in 1972 to \$8.6 million in 1978, an increase in the deficit of 232 per cent.

If the objective of this government is to move towards self-sufficiency in those things which we can produce in this province, and as an encouragement to that we are going to build the processing industry so that we will have some possibility of the farmers knowing that they are going to have a market for their produce—if not in the fresh market, at least in the process market—I would like to have some up-to-date report on what success is being achieved, because any evidence I have seen up until now is that the imports are not dropping. We are no closer to the self-sufficiency goal that the government has stipulated.

Let me move, Mr. Chairman, to another area, briefly, to another basic problem in coping with the agricultural industry, and it relates to the minister, to the government and indeed, if the truth be told, it also relates to a significant sector of the agricultural industry. The minister repeated it in his leadoff statement. He said, "This is a free-enterprise society." Now when, pray tell, are we going to smarten up and face the reality? We do not live in a free-enterprise society. And it may be all right for the minister, and indeed the Liberal critic chiming in, to continue to prate that we live in a free-enterprise society. It is verbal garbage. It is tommyrot. It is as outdated as Aunt Minnie's hoop skirt.

We live in a system in which the free play of the market is permitted to operate only in so far as it serves the interests of those who now dominate and control the market. And when farm marketing boards move in to try to get a measure of control to protect the producers, that is when they scream, and all the academic and editorial lackeys scream along with them in terms of criticism of marketing boards, particularly if they exercise supply management and pricing, which is really to get some control of it for the farmers.

10:20 p.m.

I know that the basic thrust—and everybody knows it if he knows anything about the economy—of our economy is not free enterprise. The basic thrust is to get control of the market. It is monopoly enterprise. What every company attempts to do is to get a greater measure of the market so that it will absolutely control it. This is not socialist dogma. It is just plain common sense. This is the reality. Since it is just possible that some of you may not accept it from me, I would like to put a little paragraph or two on the record.

This is from *Farm and Country* of May 12, 1981. It is Ralph Barrie's presidential article that is carried in each issue.

Mr. Nixon: On the top of page three.

Mr. MacDonald: No. It is on page five.

Mr. Nixon: Oh, darn.

Mr. MacDonald: You ought to read *Farm and Country* more carefully.

It is entitled, "Here Go Glad-Handing Free Enterprisers Again." I quote: "Tight marketing board control of supply to the market can result in artificially high prices to consumers and limited productivity on the part of the farmers. . . ." That is a quote within the article. It goes on to say: "That is from an editorial recently published in the *Toronto Star*, obviously written by an advocate of the free enterprise system.

"People who believe in free enterprise preach it like a religion. They think there is no better system anywhere because it rewards a person for hard work.

"Even in times like these, when the economic burdens on some farmers are so bad that they have to liquidate all their assets and find new jobs, free enterprisers shrug and say, 'That's life.'

"They believe that only the strong and the street-smart survive. If someone goes under, it is from lack of good management or sound judgement.

"Advocates of free enterprise believe that no one should have a guaranteed living because it is immoral to know where your next dollar is coming from. It is better to work for nearly nothing than to feel secure in your work.

"They'd rather suffer the cyclical nature of supply and demand, boom and bust, because they say it is natural. Controlled, organized marketing is artificial as far as free enterprisers are concerned."

Note this, Mr. Chairman: "People who believe

in free enterprise are deluding themselves. There is no such thing in any industry, especially agriculture.

"Beef producers adamantly refuse to move to supply management. Yet how do they expect to go with the flow of supply and demand when the open border between Canada and the US interferes with it?

"I marvel that they advocate free enterprise when so many of them simply cannot make a decent wage. If they put so much hard work into a farm, they deserve to be rewarded. Instead, they are suffering, and we read that the beef dinners will go the way of the dinosaur.

"I repeat, there is no such thing as free enterprise." That is Ralph Barrie speaking, president of the Ontario Federation of Agriculture. "Even companies like Inco use supply management tactics. Their mines in Sudbury have been overproducing in the last few years, so they shut them down for several weeks at a time in the summer.

"It is no different when a company like General Motors cuts back production and lays workers off because the demand for cars is not high enough." There were another 1,500 of them, as we learned today, in Windsor.

I pick up on the article: "So why do some people become indignant when egg producers 'lay off' some of their chickens? They're not wasted. The farmer is still in business and the consumer still gets eggs at reasonable prices. It makes good business sense to control the supply.

"The *Star* editorial said that the price of a dozen large eggs has gone up by 77 per cent since producers went to supply management. Newspaper prices have gone up over 100 per cent in the same period. Judging from the death of two major papers last year, they operate under a system of supply management as well."

Mr. Minister, to talk about free enterprise, to repeat that old prattle, that broken record, when in the next breath you will hold a bun feed for the farm marketing boards which have supply management and pretend that you are in favour of supplying management, is a contradiction. If you do not recognize it, at least the farm leaders in Ontario recognize it at the present time.

Finally, let me move to another section, which is one of my regular complaints. In 1963, this ministry changed its title from the Ministry of Agriculture to the Ministry of Agriculture and Food. Presumably it was assuming some responsibility, as farmers recognize, since what

appens to the food beyond the farm gate is of interest to the farmers as well as to everyone else. What we have at the present time in the retail field is a growing gap between farm gate and supermarket prices.

I have here the food basket results that are produced by the Ontario Federation of Agriculture. In May of this year, the spread between the farm gate price and the supermarket price was 1.6 per cent higher. In July, it was 17.4 per cent higher. In August, it was 13.6 per cent higher. In other words, the spread is getting greater all the time. What it simply means, to take August as an illustration, is the Ontario food basket was \$2.27, up nine cents from July and up \$4.70 from a year ago. But the farm retail spread has gone from \$16.95 to \$19.26, an increase of 13.6 per cent.

In other words, the spread is going up more than the farmers are getting in many of these months. This is pointed out by the research director of the OFA who said: "The farmer's share of the consumer's food dollar is steadily declining. That is the trend and the gap is widening." A news story in the Hamilton Spectator on June 17 says: "Elie Betito, a spokesman for the Canadian Grocer Distributors Institute said, 'It is very hard to answer why the gap is widening, but certainly the farmers are getting less.'"

A clipping I have here from the Kitchener-Waterloo Record on December 9 says: "At least the major Ontario supermarket chain has marked up McIntosh apple prices by 100 per cent, drawing the anger of Gary Cooper, an apple farmer and a member of the Ontario Apple Commission. 'At the same time as the chain is charging \$1.28 for a three-pound package of Ontario McIntosh, it is offering imported Granny Smiths for 98 cents a pound,'

Cooper told one of the several sessions during the Canadian Agricultural Outlook Conference here on Monday. 'It becomes very frustrating,' said Cooper, 'the lack of co-operation from the chains in moving a bumper Ontario crop.'"

We have another story which points out that the big food chains are retrenching. In Quebec, Dominion Stores have bowed out totally and they have sold all of their retail outlets to Provigo. They are doing it because they have learned in the supermarket industry that if you concentrate in the industry where you have got the greatest measure of control and domination, that is where you can maximize your profits. What Dominion Stores are doing, of course, is selling out in Quebec where they had tougher competition. They are selling out to Provigo and they are going to concentrate in Ontario.

Do you want me call a halt here, Mr. Chairman? I have not got that much more, but I have some more that I would like to add.

Mr. Chairman: I suggest we should break at 10:30. I do not know whether that gives us a minute or not.

Mr. MacDonald: I cannot complete my comments in a minute.

Hon. Mr. Henderson: Mr. Chairman, perhaps Mr. MacDonald has additional comments he would like to make, but I would like to correct the record. I would have to list Mr. MacDonald in the same category as Mr. Riddell. There have been no positive comments in his remarks to my introduction.

Mr. MacDonald: You missed them. That is not the first time you have missed them.

Mr. Chairman: It being 10:30, we will stand adjourned till tomorrow morning at 10 o'clock.

The committee adjourned at 10:30 p.m.

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Nixon, R. F. (Brant-Oxford-Norfolk L)
Riddell, J. K. (Huron-Middlesex L)

From the Ministry of Agriculture and Food:

Allan, D., Deputy Minister



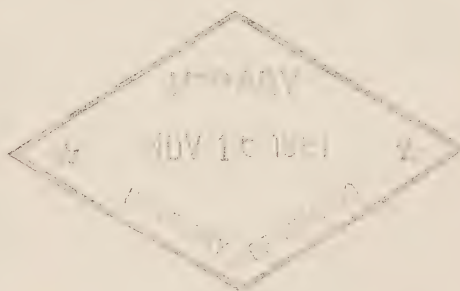
Ontario

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Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Agriculture and Food



First Session, Thirty-Second Parliament
Wednesday, October 14, 1981

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, October 14, 1981

The committee met at 10:09 a.m. in room No. 228.

ESTIMATES, MINISTRY OF
AGRICULTURE AND FOOD

(continued)

Mr. Chairman: I see a quorum. Mr. MacDonald.

Mr. MacDonald: Thank you, Mr. Chairman. As I indicated last evening, I was just dealing with the latter portion of my comments. But before I resume that, I want to respond briefly to the minister's very brief response at the end when he withdrew his comment that I was constructive and responsible because he had not heard a single positive suggestion during the course of last evening.

Hon. Mr. Henderson: I would only add, Mr. Chairman, that Mr. Riddell was negative, but he was not personal, as Mr. MacDonald was.

Mr. MacDonald: Okay. That gives me exactly—

Hon. Mr. Henderson: I gave you what you needed.

Mr. MacDonald: That is exactly the entrée I wanted. I appreciate that intervention because what I was talking about, in an analysis of the situation with regard to agriculture viewed from the Queen's Park level, was that we have a ministry which has been increasingly drifting for 10 years; that the ministry, like every ministry in liberal and Conservative governments, suffers chronic isolation and, therefore, does not get a fair share for the constituents on whose behalf it is working; and, finally, that the minister has lost his credibility.

Let me say that, and the minister may not believe it, I get no particular pleasure out of personal attacks. What I did yesterday was to put on the record what is already on the record in editorials, in farm columns, in the records of the minutes of the Ontario Federation of Agriculture all across this province. That is the reality. For the most part, I was quoting what others had said. I did not give my own personal view. It might have been mutually embarrassing if I had given my own personal point of view, even more mutually embarrassing than the

record that is there. But that is the reality the minister has to live with. If he can turn that around, I wish him well, but there is no evidence up until now that he is likely to turn it around.

He says that there were no positive proposals. I analysed what this government has done this year in terms of a totally insensitive reaction to the Ontario Federation of Agriculture's specific proposals of last spring. It was a totally insensitive reaction. Then, when there was that storm of protest on June 4 at the Constellation Hotel, there was talk of a \$100-million program, a six-point program, a range of policies and programs that the provincial Treasurer was considering, but we have had only one of them, with reference to the beef industry.

In terms of the general situation with high interest rates, I indicated what we in the New Democratic Party feel might have been done, such as, not scuttling your—albeit inadequate—\$25 million interest subsidy program, beefing up that program of six years ago—1975—for young farmers and, thirdly, redirecting the \$50 million that goes to tax rebates into something else by way of a program for agriculture comparable to what is available in other provinces. I was dealing in specific proposals beyond an analysis.

Let me just get back on track in terms of what I was talking about when we concluded at 10:30 last night. I pointed out that since 1963 we have nominally had a Ministry of Agriculture and Food which, presumably, has assumed some responsibility for the food industry as a whole. For years the Ontario Food Council was supposed to exercise that jurisdiction and regulation to the extent that regulation was involved. Ultimately that body was recognized as being "totally ineffective"—those were the words of the Ontario Federation of Agriculture—and it was abolished.

The official explanation was that the Ministry of Consumer and Commercial Relations having been established, it would assume responsibility for surveillance of the food industry as with all industries in the province. That has left a very uncertain, grey area as to who is responsible out in the food industry.

My colleague Mel Swart has picked up on a theme I have been reiterating for some 25 years

now as to why, for example, this government should sit idly by while farmers regulate the price that the producer gets on milk, but beyond the farm gate there is no regulation; therefore, processors and retailers can piggy-back 60 per cent of any price increase to the consumer on to whatever the producer happens to get. The government refuses to accept any responsibility to establish accountability among the processors and the retailers as to the price they charge for milk at the consumer level. Until they do that, we are going to have a situation in which the Ontario Milk Marketing Board, and organized agriculture as a whole, are just ignored when they insist and plead with the government that they move into that field.

What I pointed out was that there had been a widening gap between the farm gate and the consumer prices. That gap had widened in May by 11 per cent, in July by 17 per cent, and in August by 13 per cent. Nobody knows exactly why. Our problem is that we are ignorant of a good deal of the facts in the operation of the food industry.

I pointed out the apple growers' protest last year that one of the supermarkets was increasing McIntosh apples by 100 per cent, while they were marketing imported apples at some 30 cents less here in Ontario which is rather a strange way to assist our producers in terms of trying to get rid of a surplus crop.

I pointed out that what is happening in this country is a rationalization in the battle among the supermarkets and, interestingly enough, that Argus Corporation has disposed of all of its Dominion Stores outlets in Quebec to Provigo. The economists' assessment of this is that each one of the supermarkets is going to concentrate in the area where it has the greatest dominance because that is the area where they can maximize their profits the most. Dominion was unhappy with the situation that existed in Quebec, so it has moved out and handed it all over to Provigo, and Dominion is now concentrating increasingly on the dog-eat-dog battle it is having with Loblaw's in Ontario.

There are other aspects of the situation in Ontario that nobody has a real handle on, and that is part of my problem and part of our problem. For example, in the United States—and I just draw this briefly, by way of an analysis in a comparable kind of society and economy to ours, and raise the question as to what exactly is the situation here—and I quote from a Washington Post article of May 6, 1980: "American consumers are probably paying more than \$16

billion a year in overcharges on food because of industry concentration, the Agriculture Department said yesterday.

"The Department's chief economist, Howard W. Hjord, told a House Small Business subcommittee that 'In 1975, at least \$10 billion, and possibly as much as \$15 billion, was lost to consumers due to monopoly in the US food manufacturing industries.'

"Based on the 1975 figures, the consumer losses due to monopoly overcharging were an estimated 1.1 per cent of the total disposable income for Americans. They amounted to about 5.7 per cent of the average spent on food per US household."

Do we have a comparable situation to that in Canada? Nobody knows. No government, federal or provincial, has really looked into this situation.

Another article in the Washington Post also pointed out that the same kind of concentration takes place. It cited a specific instance in the breakfast foods: "A monopoly among the nation's major producers of ready-to-eat cereals cost the nation's consumers more than \$1.2 billion in higher grocery prices between 1958 and 1977 overcharges that add 15 per cent to every dollar spent for the cereal products, the staff of the Federal Trade Commission charged yesterday. That is isolating one aspect of the food manufacturing industry, the breakfast cereal, and indicating that there was a 15 per cent overcharge.

What is the situation in Canada? The manufacturers are the same. Indeed, if my colleague the member for Welland-Thorold (Mr. Swart) is correct, you can often get products much cheaper on the American side of the border than you can on the Canadian side. He does his comparison shopping across the bridge periodically to let us know what is going on.

Let me draw your attention to another thing. Here is an article which points out that the major chains are pushing into the fast food industry. This is in Jim Romahn's column of November 10, 1980: "The large food companies, including the Weston Empire, are coming to dominate the fast food industry just as they have supermarket distribution, according to a study by a Guelph-based consulting firm.

10:20 a.m.

"In discussing the distributions network, the authors say that 'Even in this short list, it is interesting to see the significance of the Loblaw-Weston companies in the fast-food distribution business. Their influence has grown

noticeably in recent years. Companies not included in this list are the food manufacturers and processors, such as Canada Packers, General Foods, et cetera, which have a strong market position in the distribution sector.”

So there is another kind of development in the food industry. And with all of the enthusiasm the Minister of Agriculture and Food (Mr. Henderson) and the Minister of Energy (Mr. Melch) have for the agripark development up in Bruce county, it is interesting to note that one of the basic, as it were original members and corporations involved in that, is Weston, which undoubtedly is going to be going in and producing a growing proportion of its produce and attempting in the process to circumvent marketing board protection of the rest of the consumers of that product in Ontario.

As a final comment I would like to draw your attention to an announcement on July 15 of last year to the effect that “the Loblaw Company Limited of Toronto has reported a significant increase in sales and profits, indicating that the food retailing and wholesaling company is doing modestly better than some of its major competitors in the battle for a bigger share of the consumer's dollar.” It goes on to point out that Loblaws had been trailing the others pretty badly, but all we have got to do is watch TV to see the extent to which Loblaws and its president, Mr. Nicol, who is giving out recipes and food hints to all of his customers, is battling.

This is the significant point. “Loblaws’ pre-tax margins on sales are still less than its competitors. Mr. Tigert”—a well-known economist in the food industry field—“estimated that Loblaws had pre-tax margins on sales of less than 1.1 per cent during the first half of 1980.” Just let me remind the members of the committee this is a money new calculation, calculating your profit on the basis of sales, not in terms of your investment. We learned in the discount and allowances royal commission that their profits were in the range of at least 15 or 16 per cent and sometimes beyond that.

“In contrast, the pre-tax margins were 1.9 per cent for Dominion and four per cent for Canadian Safeway in Winnipeg in 1978.” In other words, the larger the domination of the market—and Safeway really dominates the western market—it ends up in four per cent profit on sales. Dominion is at 1.9 per cent, and here we have Loblaws now improving its position but still being at 1.1 per cent.

I repeat, Mr. Chairman, that the key here is to more complete the dominance in any given

area of the market, the larger are the profits. That brings me to the concerns that are being expressed increasingly with regard to the growth in supermarkets as compared with independent retailers.

Farm and Country, on April 14, 1981, had an editorial which was “Curb Chain Growth.” It said: “Last year, according to Statistics Canada, the corporate food giants tightened their grip on Ontario's food business. Their share climbed one per cent to 74.7 per cent of the total business.

“Quite frightening, when it is realized that in Quebec the chain share dropped to 39.9 per cent from 41.3. And during this year the percentage likely will drop even more since Dominion Stores has sold its operations to small operators.

“Why? Well, executives moan that successive Quebec governments, Union Nationale, Liberal and Parti Québécois, have gone out of their way to bolster the independent food retailer.”

Here there is no bolstering of the independent food retailer. He is out in that dog-eat-dog of David against Goliath in competition with the supermarkets. All this is by way of coming back to where this government stands on its one venture in trying to find out what was happening in the food industry, namely, the Leach commission. Perhaps by way of a reminder of the Leach commission and what an outrageous aberration or abortion it was of an effort to come to grips with the problems in the food industry, I might quote briefly from one of Jim Romahn's columns on March 2, 1981. This was, of course, a comment during the election campaign itself.

“The leadership Davis showed when the food industry complained about rebates, discounts and allowances was appalling. First, he said it was business as usual, then that it did not exist, and only under threat of defeat from a combined Liberal and NDP opposition did he agree to a judicial inquiry.

“Under Davis' leadership, Attorney General Roy McMurtry appointed his campaign treasurer to head the inquiry staff. It was obvious to many that from that point forward the inquiry would be more a coverup than an exposé.

“For example, a witness for Kellogg told me as he emerged from the witness box that he was astounded that there were so few questions put to him about the adverse effects of the chain pressure on his company. Likewise, this week the retired president of Campbell Soup told me the inquiry was a joke.

"The questioning seemed designed more to discredit than discover the abuses witnesses brought to the inquiry. There was plenty of testimony to indicate that suppliers were afraid of the clout of buyers for the chains, so the approach of the commission to witnesses guaranteed that they would remain safe and silent.

"Under Davis' leadership, the Tories refuse to recognize that rebates, discounts and allowances have changed from the days when suppliers offered them to stimulate sales to the situation now where chains have the clout and can command them from significant sectors of the food industry."

That, in capsule, is a good assessment of the inadequacies of the royal commission report and also of the problems that it was supposed to be coming to grips with.

On October 27 last, the Ontario Federation of Agriculture, over the signature of its president, Ralph Barrie, wrote to the Premier (Mr. Davis), with a copy to the Minister of Agriculture and Food, and the second paragraph of that letter read as follows. They are commenting on the Leach commission report that had been tabled in the House on October 10.

"The first step is that the federation wishes to request you, the Premier of the province and leader of the government, to refuse to accept the report of the said Leach commission."

Later they add: "I am sure, Mr. Premier, you will realize that the report of the commission is totally unacceptable to the Ontario Federation of Agriculture and its members, and we ask you to refuse to accept it and to take action as we have requested." They spell out what they think is the appropriate action to be taken.

A month later, the Premier replied to Mr. Barrie. I quote two paragraphs from his letter of November 26. "It is, of course, the normal practice for the government to study carefully the conclusions and findings of all royal commission inquiry reports tabled in the Legislature. That procedure will be followed in this case as well.

"I am pleased to receive your comments and your research department's critique and can assure you that they will be carefully considered in conjunction with the analysis of the inquiry report."

Mr. Chairman, approximately a full year has gone by. In last year's estimates there were a lot of questions asked and no answers given. One of the questions I asked was what was the government's response to this specific request of the Ontario Federation of Agriculture not to accept

this report because it was "totally unacceptable," "inadequate," and "naive"—those are their words. The minister copped out and said that the letter had been written to the Premier and, therefore, it was in the Premier's hands.

I assume the minister and the Premier have chat periodically, and since the food industry falls under the minister's jurisdiction, my question, as I conclude, is what is the government's response to the OFA request that the Leach commission report not be accepted, that it be totally disregarded, and to other things that they spelled out should be done instead?

Mr. Chairman: Thank you, Mr. MacDonald. Mr. Minister, would you like to reply to Mr. Riddell and to Mr. MacDonald?

10:30 a.m.

Hon. Mr. Henderson: Yes, Mr. Chairman. I have a few remarks put together that I would like to make in response.

In introducing my estimates for 1981-82, I have tried to be positive and nonpartisan. What I hoped was that we would discuss the major issues in agriculture. However, the leadoff remarks by the opposition critics, Mr. MacDonald in particular, amount to a personal attack on me. I am prepared to answer that attack and throw some punches of my own, but at an appropriate time, not here. We are here to debate issues and programs and resources. I intend to stick to those things. Therefore, let me answer the points of substance raised by the opposition.

The Liberal critic tried to establish two main points: Ontario does not spend enough money on agriculture and our priorities are wrong. The transcript of last night's proceeding is not available yet, but from what I heard Mr. Riddell say there were a lot of numbers suggesting we do not spend enough on farmers. But in the very next breath he said, "The answer is not giving more long-term credit to farmers at low interest rates." What is the answer then, Mr. Riddell?

On the matter of priorities, his only example was tile drainage. I do not need to remind people here of my support for that program. It is one of the best investments this province can make. I will continue to press for every dollar can get for that highly successful program.

The matter of farm taxation was raised by both critics. Let me try to bring members up to date on that issue. The Treasurer (Mr. F. S. Miller) set out our basic objective—to remove the property and school tax burden from farm land and barns and have farmers pay on their residence.

Extensive discussions have been under way with the OFA and with municipalities on how this can best be implemented. My ministry is also working closely with Treasury on the nuts and bolts of a workable plan. I can assure members that this government will come forward with a tax relief system that is as good as, or better than, the present 50 per cent rebates—I want to emphasize that—as good or better than the present plan, or we will not change it at all.

Some farmers may end up paying more, but the vast majority will pay the same, or less than they do now. That is what we are trying to achieve and that is the thrust of the input by my ministry in the final policy.

Mr. MacDonald reiterated the point about too little money for agriculture. "A shamefully inadequate budget," I believe he said. He also suggested that this province is not getting a fair share of Farm Credit Corporation dollars—\$2,000 per farm versus \$9,000 in New Brunswick, \$17,000 in Quebec, and so on. My officials are checking those numbers.

We already have checked some of Mr. Riddell's numbers about federal spending in Ontario versus Quebec. He is right about relative magnitudes. Ontario's agriculture sector is twice as large as Quebec's, but our share of federal dollars is only 50 per cent larger than that going to Quebec.

In terms of cash payments to farmers, the comparison is much worse. In 1980, farmers in Ontario received \$96 million in dairy support plus income stabilization payments from Ottawa. Quebec farmers, by comparison, received \$131 million in the same year.

It is clear that Ontario is just a stepchild in the federal system when it comes to spending on agriculture. Last Friday Mr. Whelan was telling me about his large research spending in Ontario—\$27 million and 850 people. My deputy pointed out that this is just enough to pay their salaries. Nothing new or substantial has been done for years; all the federal research establishments were written off and paid for years ago. I will not go on. For the record, however, I do agree with the opposition critics. This province is not getting a fair share in national agricultural spending.

Mr. MacDonald gave some figures on Ontario's trade balance, describing an increasing deficit balance in dollar terms for vegetables, potatoes and nuts. However, there are items where our position has improved. For example, from 1973 to 1979 we went from a deficit trade position in live animals to a positive position.

The same progress was made in grains. Other products were already in surplus to Ontario requirements in 1973 and have become even more of an export item in 1979. In general, we are making progress in our market development efforts in both export and domestic markets.

Mr. MacDonald expressed concerns about reducing the share of the food basket dollar going to farmers. I, too, am concerned about this trend. In 1980, some 55 cents of the total consumer's food dollar ended up with the farmer, down more than five cents from earlier years. There is not a lot of analysis available on what is happening or why. One reason, though, is the change in farming itself. Instead of being self-sufficient, more and more farmers are buying inputs for cash and selling products for cash.

As well, consumers are spending more of their food money on convenience items, packaging, et cetera. In one product area at least, we know that Ontario is resisting this worldwide trend. Ken McKinnon of the milk marketing board sent me some comparisons, showing that our dairy farmers retain a larger share of the final spending on milk than most other jurisdictions. Nevertheless, we intend to study this matter in depth to find out the shares going to each step in the food chain.

Reference was made to the lack of response to the farm interest rate assistance program which ran out nine months ago; \$25 million was allocated to this program and \$6.4 million was paid to 9,800 applicants. The lack of response to this program was not evident until the application deadline of March 31, 1981. Frankly, I am unable to explain the lack of response from farmers. We may have overestimated the projected number of potential applicants. In an effort to direct the assistance to those who needed it most, the eligibility criteria may have been too selective.

Mr. MacDonald offers the OFA submission as a blueprint for an Ontario agricultural policy. Let us look at some of their major points:

Self-sufficiency: That has been one of our policy objectives for years. It is the reason we have a marketing division, Foodland Ontario, export missions and the like. Our programs in this area are being copied by the government of Canada.

Canagrex: We have discussed this thrust with the federal government but, to date, it is just an idea. It is tough to get enthusiastic over a trial balloon which still is not off the ground. In my meeting with Mr. Whelan, I did not get a firm

answer on whether Canagrex will ever fly or this program would be left with Industry, Trade and Commerce.

Assistance to food processing: Ontario is working hard on this area as a priority. Long-term BILD funds of \$55 million have been allocated to boost our processing sector, get new investments and reinforce markets for our producers. I expect we will finalize some 20 deals in this fiscal year. Already eight deals have been negotiated, involving \$45 million in investment and \$8 million in provincial assistance.

Let me also discuss the final OFA recommendation, namely, inexpensive financial support to farmers. Ontario has been in the long-term credit field several times. For example, the Ontario Junior Farmer Establishment Loan Corporation, beginning in 1952, made many loans to young farmers.

This corporation appeared to be in competition with the federal government's Farm Credit Corporation. For many years the federal government was involved in the provision of first mortgages as a matter of national policy. In 1959, the federal government reorganized farm credit, bringing in the Farm Credit Act. The Ontario government then withdrew in 1960. In 1962, we re-enacted the junior farmer credit program but, as time went on, it became obvious that these were duplication services.

10:40 a.m.

After the report of the farm income committee, Ontario again decided to withdraw from the credit field and our representatives met with Mr. Olson, the federal minister. Let me quote what the then Minister of Agriculture and Food for Ontario, Bill Stewart, said in the Legislature on February 13, 1969: "On the basis of these discussions with Mr. Olson, there was agreement that no useful purpose was being served by the duplication of services that were being provided by federal and provincial lending agencies."

At my meeting with Mr. Whelan, I discussed survival policies for farmers. This was last Friday morning. I asked for a major increase in Farm Credit Corporation funding and enactment of the small business development bonds. Frankly, the federal minister could offer no positive assurance on either score. Instead, he talked about getting Swiss money, arm-twisting the banks, and so on. Ontario has never believed in oneupmanship or duplicating what another level of government is doing or is supposed to do. Farm credit, in sufficient amounts and at reasonable terms, is the job of the government

of Canada. If Mr. Whelan cannot deliver on this basic service, then Ontario will have to rethink its position. That is what I said over television. I am sure you must have been listening.

Mr. MacDonald: Will you resign if they do not?

Hon. Mr. Henderson: I did not make any mention of resigning. Mr. Riddell heard what I said on television. It was said at the Ridgetown Experimental Farm. I think he would agree that the radio commentator said I was going to do something, but I am sure you heard my actual statement, as you are in the same listening area. I am committed to doing everything in our power to ensure that Ontario farmers get the supportive policies they need.

Let me defend the record of my ministry. We have not gone to seed. I am proud of every member of the staff in my ministry. We are not losing our position in Canadian agriculture. We will continue to build upon our strong land base and to lead in new developments. Our philosophy is to operate within the Canadian context. If this large province is sucked into the trap of competitive provincial programs, then there is no hope for a national agricultural policy.

I would like to quote a few figures here. Over the past decade our net farm income has increased by approximately 50 per cent. In 1968 to 1972, it averaged \$1.6 billion; in 1980, \$4.492 billion. Our exports in 1970 were \$421 million; in 1980, they were \$1.36 billion. Grain corn production in 1970 was 918,000 acres; in 1980, two million acres. Drainage in 1970 was 126,000 acres; in 1980, 207,000 acres. In 1970, outstanding loans owing to the province was \$5 million. In the 1969-70 year, I think we had some surplus money and it went to \$32 million; last year it went down to \$28 million; and this year it is \$28.5 million. I would say the average in 1980 was \$30 million.

Milk production per cow in 1970 was 11,317 pounds; in 1980 it was 13,190 pounds per cow. All across the board research has paid big dividends. The farmers of Ontario, I am happy to say, contrary to what the New Democratic critic would have us believe, have responded in a very positive way. I personally am very proud of them.

In July 1981, the farm gate price of milk in southern Ontario was approximately 42 cents per litre; that is what the farmer actually got. The appropriate retail price, based on a three-quart package size, was 68 cents per litre. Two per cent milk was 65 cents per litre and skim milk was 65 cents. In percentage terms the farm

gate price represented 61.8 per cent of the retail price of whole milk. I want those figures to register.

In 1977, the farm gate price represented 63 per cent of the retail price and 67 per cent on the two per cent. In the present year, the farm gate price represented 61 per cent of the retail price of bottled milk.

Now I will give you some quotes from other countries. Keep in mind that the farm gate price was 61 per cent of the retail selling price. In the US the farm gate price was 58.3 per cent. Germany was higher than Canada at 67.8; France, 51.7; Netherlands, 55.9; and in the United Kingdom, where the milk marketing system has been in operation the longest time, the farmer got just 44 per cent of the retail price of milk.

Mr. Chairman, I could say some other caustic comments, but I will reserve them for the appropriate time in another place.

Mr. MacDonald: Why don't you give him the maple syrup for breakfast?

Mr. Chairman: Thank you, Mr. Minister.

The estimates are broken down into five votes. I think it would be in order if we started with the first vote. If you want the chair to allow any leeway, then probably this is the one to allow it in. Without setting any time constraints, we should try to deal with any of the policy areas or whatnot in the central office and with the ministry in the first vote, which may mean we may spend a little more time on it.

While we will allow a fair bit of leeway in the first vote, perhaps if we tried to restrain ourselves from asking any specific questions that would more appropriately be covered in the other votes, as far as the other programs go, until we get to them, we might be able to get to them in a more orderly and quicker fashion. I would open it up then to any questions or comments any of the members may have.

On vote 1501, ministry administration program; item 1, main office:

Mr. Riddell: I assume we are starting the first vote dealing with main office. As you indicated, Mr. Chairman, this gives us an opportunity to discuss policy. I consider it to be one of the main votes, but that is not to minimize the other votes we have to deal with. I hope we will have an opportunity within the time allotted to get to every vote and have some discussion. I would like to see it left to your discretion. When you feel that we have probably spent enough time on

a vote, then we had better get on to another vote. But I think this main office is probably one of the important ones.

I was hoping that in his response to the opening remarks of the critics, the minister would respond to all the questions we asked. For some reason he chose not to indicate to us the qualifications of his deputy minister, although it is certainly obvious to me that the deputy minister burned the midnight oil last night to get this response ready for the minister today. I was serious when I posed those questions because I am having those questions asked of me out in the rural areas of Ontario.

They know who you are, Mr. Minister, and they know what you have been doing. I do not intend to get personal, but they are now taking a look at the second top man in that ministry and they are asking what this man brings to the agricultural portfolio and what they might expect. I do not want to have to go back and start making speeches in the riding saying that I raised this question in estimates and for some reason the minister did not care to talk about the qualifications of his deputy minister.

10:50 a.m.

Maybe at some time in the estimates you might just give us some indication why Duncan Allan was appointed Deputy Minister of Agriculture and Food, a man who comes with no agricultural experience, to the best of my knowledge, and yet a man that is quite prepared to say that, in his estimation, marketing boards are unworkable in the beef cattle industry. I am sure there are a lot of beef farmers out there, particularly on this action committee that got started, who would like some elaboration on that comment. Why would a marketing board not work in the beef cattle industry?

Mr. MacDonald: Did he say marketing board or supply management?

Mr. Riddell: Well, supply management.

Mr. MacDonald: There are marketing boards without supply management.

Mr. Riddell: Well, okay. I trust that what he meant in the brief conversation I had with him was that a supply management program similar to dairy, turkeys, and eggs would not work in the beef industry. Let us find out why it would not work because I am sure that these beef farmers who are agitating now for a marketing board or supply management program would like to know why the deputy minister does not feel that a supply management program would work in the beef industry. I would expect to hear from him before these estimates are over.

The minister talked about the critics being negative. The farmers found that a big joke. Do you remember in Farm Update they interviewed you and they had a column on one side of Farm Update on what you said? Right opposite they had my comments from when they interviewed me. The one person who had constructive ideas and expressed those and were well printed in Farm Update were the comments made by myself. And the farmers laughed. They said, "Read what they said about Lorne Henderson. He came out with nothing—

Mr. MacDonald: Except personal attack.

Mr. Riddell: Do you know what they said about Donald MacDonald? They practically devoted the whole article to the heading, "Donald MacDonald Says We Are More Tory Than The Tories." That was about all they printed about what Donald MacDonald said. He did not apparently have too much constructive to say. I get a bit of a laugh when I hear the minister saying that I am negative when I have tried to propose some positive solutions.

Getting to positive solutions and policies, which I think you should follow, Mr. Minister, Duncan Allan, in preparing your remarks said, "What does Riddell expect? He says that we should not be giving long-term credit to farmers." I maintain that we have got to slow down this treadmill and that the reason that some farmers are in trouble now is that they were given so much easy credit, whether from the government Farm Credit Corporation loan program or from the banks.

So they took that money, and cash crop farmers today are still, as I understand it, borrowing from this long-term credit program and buying more land and bidding a high price on it. Really what we are doing is simply contributing to inflation. You give those farmers money that they do not need for operating. They are getting this money, they are buying more land, they are upping the price of land and they are buying oversized equipment, which they do not need, and the old treadmill continues.

Now what I am saying is that maybe we have to start rationing some of the long-term credit if we are going to bring this inflationary perioder control. I am saying that we need short-term credit. We have got to help those farmers who have been encouraged by this government to expand and become more efficient. It goes back to the days of that report I alluded to in my opening remarks, The Challenge of Abundance.

The farmers were encouraged to expand and

become more efficient, so that is what they did. They borrowed all the money they could borrow, right to the limit. Some bankers tell me that it is not uncommon for farmers to have \$1 million out on credit. They could probably see light at the end of the tunnel with interest rates at 12 per cent, but when these interest rates went to 24 per cent they could see that it was almost a hopeless situation.

Some of the farmers are masters of their own misfortune, let us not deny that. But some are farmers who were prepared to risk that capital to expand and to become more efficient. Believe me, these are the farmers who are producing the food for Ontario customers. If we had to rely on the farmer who chose to stay with 100 acres of land, who chose to use what we might call antiquated equipment, who did not put in some of the automated equipment we have today, then the consumers would not have the abundance of food they have today. But those farmers who expanded and became more efficient, the farmers who are actually producing the food that Ontario consumers need, are the farmers who are now in trouble.

My suggestion is that if the federal government is not going to do anything, then this government should subsidize interest rates for those farmers who have established a need, who have had a viable operation, who have expanded, who have become more efficient, but now find themselves in trouble because of the high interest rates. If a farmer is only in debt to, say, 20 per cent of his total investment, I am not convinced that that farmer needs too much help, but if the farmer is in debt to the tune of, say, 40 per cent of his assets, then I have to think that that farmer needs some kind of an interest subsidy program so that he can continue to operate—not expand.

I do not want to see these farmers get money so they can continue to buy land and high-priced equipment and all the rest of it. I think we have got to slow down that treadmill. But let us keep those farmers in business who have followed advice given to them by the government, by their bankers and what have you, to become more efficient. That is the kind of program I would like to see this government introduce.

Last year we came out with a program that we thought would be of assistance to farmers. We said that we would love to see interest rates subsidized to the tune of 50 per cent between 12 per cent and the prime interest rate at that time. Give the farmers 50 per cent of that difference. Even if we were to do that today, we would run

into what we call a true interest rate. If you want to go back into history, and my good philosopher who is sitting next to me here can tell you, since biblical times the true interest rate has been the inflation rate plus three per cent. Then maybe add on another one per cent for the administration of the financial program. If the inflation rate was 12 per cent, tack on to that three per cent, making it 15; then if you want to, add another one per cent for administrative costs and what not, or the cost of putting the money into the system.

Mr. MacDonald: Which is, by coincidence, the Farm Credit Corporation's new interest rate.

Mr. Riddell: That is about 16 per cent. I am saying that these farmers could probably get by if they were looking at 15 and 16 per cent interest. We have got to be realistic but, by golly, they cannot get by with interest rates up to 23 and 24. So maybe this government should think about subsidizing the interest rate to bring it back to what we refer to as the true interest rate, which is inflation plus three or four per cent. Let us keep those farmers in business and only those ones who have established the need.

1 a.m.

When you first established your committee I agreed with it, namely, that it should look at these farmers who came to the committee saying, "We are in trouble." They could then establish the true need of that farmer and, if he could be helped, then I think this is where this government should have stepped in. If the guy was extended to the limit, where he just could not survive even if interest rates came down to three per cent, then I am not sure that we can keep those fellows in business because they are going to go under anyway. But when I tell you the number of farmers in my riding, good farmers, I just cannot believe they are in the situation they are.

Labatt's has taken over one good farmer's operation. A processing company has taken over another farmer's operation. Believe me, I dealt with these farmers when I was in the livestock business and I just simply cannot believe that these good farmers are going through that period when they no longer own their own operations.

I disagree with the Ontario Federation of Agriculture to the extent that we should not be continuing this old treadmill by giving long-term credit for farmers to go out and buy more land and what have you. I agree with the Ontario

Federation of Agriculture when they suggest that we need a short-term relief program. If that is being negative, Mr. Minister, then I guess I have to extend my apologies, but I do not think it is. I am saying let us help those efficient farmers who need money to continue to operate until better times come, and I am sure better times will come.

I do not know whether you have been following the task force set up by the federation and some of the briefs that have been presented, but here is an article of October 6 in the Toronto Star. I trust most of you have read it. The heading reads: "Rates Could 'Annihilate' New Farmers." It says: "High interest rates could annihilate most young farmers in the next year if something is not done now, farmers say. And when the farmers go, the next generation of Canadians may find food scarce... Interest rates represent one of the greatest deterrents to agriculture and the economy in 1981."

This comment on interest rates was made by Ottis McGregor. I know you know him, Mr. Minister. He has been a very prominent farmer, a very active member—

Hon. Mr. Henderson: He never farmed in his life, let us be honest. He was a Presbyterian minister and then he went to work for the marketing board.

Mr. Riddell: All right, so he has not farmed, but he has been a very prominent agricultural person.

Hon. Mr. Henderson: Yes.

Mr. Riddell: The article quotes Ottis McGregor of the Ontario Soya Bean Growers' Marketing Board as saying: "Farmers are getting \$1.41 a bushel less for their soybean crop this year than a year ago, while growing costs have increased 53 cents a bushel. Providing farmers with loans at nine per cent interest from the Canadian Pension Fund—which government agencies can already do—could relieve those who badly need help." There is one solution that he has in mind. Whether that is workable or not, I do not know. This government relied so much on pension funds that they have damned near got them broke.

"It has been projected that Canada has the potential to produce about two thirds more food by the year 2000. Should the government remain firm in its economic measures of today, our future food potential may fall very short," he said.

Paul Vaisler, spokesman for the Lambton Federation of Agriculture—do you know him, Mr. Minister?

Hon. Mr. Henderson: I do not know him.

Mr. Riddell: He represents the Lambton Federation of Agriculture. He said that Ontario was losing its leading agricultural role in Canada to other provinces where governments are providing 10 per cent interest subsidies on loans to new farmers.

I was interested in your comments where you talked about Ontario still being the bread basket of Canada, Mr. Minister. Do you know that there are now more hogs on farms in Quebec than in Ontario? If you talk to the farmers who have been going to the northern sales—and this is something you want to deal with in Bill 100, I know—they will tell you that many of those cattle are going right through Ontario and into Quebec. Just watch. Quebec farmers are probably going to become the livestock producers in Canada. I think we are fast losing our status there, regardless of what you say.

The Star story said: "The Lambton farm group made several recommendations to the task force: Establish an interest rate subsidy program in Ontario similar to those of other provinces; force lending institutions to make special deals for farmers; force lending institutions that have advised farmers on how to run their farms to share in any losses caused by that decision." That one is an impossibility.

The article goes on to say: "Vaisler said banks have often helped farmers go broke by making decisions for them, such as telling them to build a new barn." I alluded to that yesterday and I used my own son-in-law as an example. All he wanted was money for an addition to his barn. The banker did everything he could possibly do to get him to borrow that additional amount to put in a liquid manure handling system, which he did not want. So a lot of the banks have caused some of these troubles for farmers.

To continue quoting from what Peter Vaisler said: "In the past few years, the banks have proved to farmers that the chances of the banks making the correct decisions are about as poor as those of the farmers, resulting in an underlying feeling of resentment that farmers have for lenders.

The Star story adds: "If farmers are to survive, they must be able to obtain loans at a reasonable cost, for example, 12 per cent," said Kent county farmer Elliot Hardey."

I am not prepared to go that low. We have to be realistic. I have indicated that probably a good measure would be the inflation rate plus

about three or four per cent. Farmers are dreaming if they think they are going to get low interest rates, such as they have been getting in previous years. I think the day of low interest rates is really over. That is my own personal feeling.

"Tobacco growers, on the other hand"—and this is interesting—"spoke out ardently against reduced interest rates for farmers in government subsidies. 'It is our conviction that farmers should not demand subsidized interest rates nor should any Canadian government make subsidized interest rates available to any one segment of the economy,' spokesman John Kudroch said. 'To do so merely aggravates the problem for those who find themselves stuck at the high interest rate level.'"

I have farmers call me too, Mr. Minister, and they say: "Keep out of this. Do not let the government get involved in subsidizing interest rates. We have come down the road of hard knocks. We are still using the old fork. We do not have automation. We do not have push-button feedlots." But the thing that they forget is that they were either handed their farm by someone in the previous generation or they paid a price—and I can well recall good land selling in areas of Ontario for \$50 to \$100 an acre. If you are sitting on that kind of land and you are not prepared to risk the capital to automate, then sure, I can understand anyone saying, "Do not help those farmers," or I can understand people who have a supply-management program saying "Do not help those farmers. They fail to realize that they can build their costs into their formula pricing."

But we do not have a supply-management program for many of the agricultural commodities. Beef and pork are two examples. Maybe we should. Maybe the pork producers should be looking at a supply-management program. Eugene Whelan is convinced that the beef producer should be looking at it, but then we have a deputy minister who sees it the other way. I have heard what Whelan had to say and now I want to hear what Duncan Allan has to say.

Mr. MacDonald: Why do you not give him a chance?

Mr. Riddell: Okay, I will. Just let me finish off with policy.

Interest rates, of course, are the main concern of farmers. My colleague is going to talk more on financial protection for agricultural producers, but it is my understanding that community sales are objecting to this financial protection program.

I know we were a long time getting the act in

and if I recall, it was the dealers at that time who were putting up an objection; it was not so much the community sales. But now because of additional administrative costs and what have you, they are now approaching the minister and saying, "We do not want any part of this."

I am just wondering if the minister has indeed changed his policy on this financial protection for agricultural producers. I am sure that he would like to make some comments on that and know that my colleague here would probably like to elaborate on this, as he has had it come home to him probably more so than it has come to me.

With those remarks—and I hope that I have stuck with policy, Mr. Minister—I will await your response, if you want to respond now or let the NDP critic speak too.

1:10 a.m.

Hon. Mr. Henderson: I would like to respond to some of your remarks. First, look at that news item and see if it is not "V-a-s" instead of "V-i-s"—Paul Vaisler. I think likely that would be the spelling of it.

Mr. Riddell: V-a-i-s-l-e-r.

Hon. Mr. Henderson: Okay. Paul Vaisler.

I know Paul Vaisler quite well. He is a young farmer, 30 years of age, a soybean farmer, who has purchased about 400 acres in the last seven or eight years. He has good farm equipment and is a good farmer.

I read out to you the statement of Bill Stewart on February 13, 1969. In that statement, he stated that he met with the federal minister, Mr. Vaisler, on January 30 or 31, 1969, and it was fully agreed by the Minister of Agriculture for Canada at that time that the federal government would be the loaning authority for agriculture across Canada, mainly to give equal rights across Canada. There is quite a lengthy statement in Hansard, if you want to look back to that Hansard. I have it here and could quote before, but I will not at this moment.

I spoke about this with Mr. Whelan last Friday. He readily agreed that it was the responsibility of the government of Canada to supply funds to the agricultural community. There was no disagreement between us whatsoever. He pointed out to me—and on the next part I cannot assure you and neither could he—as he did to the provincial ministers last July in Alberta, that he hopes to introduce a new farm credit loan program this fall. He said, "Do not pin me down as to the date, but I hope to do this fall." He hoped to bring in a farm credit

loan act that would permit money to be invested by individuals and the Farm Credit Corporation would be the guarantor.

For instance, if one of you sold your farm and wanted to invest half the money back into the fund through the Farm Credit Corporation, they would be the guarantor, at a cheaper interest rate. He did not tell us what that interest rate would be. I do not believe that he could tell us. I do not think that has been worked out by the government of Canada. But he suggested that there would be an incentive for the individuals to invest in the Farm Credit Corporation.

He did assure me that it is his plan to introduce that act later this fall. We have stuck by this, that that is the responsibility of Canada, and again I say to you that I have confidence Mr. Whelan will do this.

You made mention last night that Mr. Whelan contacted some of the provincial people for support. I can understand the problem he is faced with with respect to the financing that is being done by the government of Canada.

You commented about my deputy and about his position on beef supply management. My deputy made it quite clear the night you were there—Mr. MacDonald was there, Mr. McGuigan was there and several other people—that the beef farmers of Ontario could not do this on their own. He made it quite clear that there would have to be action taken by the government of Canada.

I have made my position clear that I am not going out to canvass for supply quota. I have made my position clear that I believe it would be good for the beef production of Ontario and of Canada, but I believe that it is up to those farmers. I have told those people who are on a committee working on this that we at the provincial level will be glad to carry out the vote when the beef producers—I believe it is 15 per cent of the beef producers—present a petition to us. We will finance and carry out that vote.

But my deputy pointed out the problems out there, and you people know fully as well as we do that 40 per cent of the beef comes from the dairy industry. That is going to continue, no matter what controls you put on. He pointed out that there would be no controls on imports until we have a national dairy policy. The capabilities of my deputy will be proven in the fullness of time. You people will learn that he has all the capabilities to take any position within government, whether it be with Agriculture or Trea-

surey or wherever. Mr. Allan is quite capable, and I am sure he will respond to that at the appropriate time.

Mr. Whelan and I last Friday morning spoke about the criticism by Mr. McGregor before the committee you referred to. Mr. Whelan had an agent attending the hearings of the farm income committee appointed by the federation of agriculture and his man was in attendance last Friday morning when we met. That individual pointed out to us that Mr. McGregor did criticize us, as a provincial government, for trying to establish a canola crop in Ontario and the \$4 million grant that we gave to Canada Packers for the construction of a crushing plant, which I had announced at the ploughing match some two weeks ago yesterday.

Mr. Whelan pointed out to me and all of those on hand last Friday morning that he, as the Minister of Agriculture for Canada, lends \$9 million annually, interest-free, to the soybean growers in Canada as an advance payment. He said if one would care to figure that out on an annual basis it would be a major item back over the years. I think we would all agree that interest on \$9 million is a big item.

Mr. Paul Vaisler: I have responded to that.

Financial protection: As you know, we took it through the Legislature, I believe a year ago in June. You might correct me on that. On several occasions, when I was questioned—maybe in the Legislature, maybe out in the farm community—I voiced hopes, two or three months down the way, to implement it.

After I got the act through the Legislature, I called the cattlemen together and tried to work out a proposal that would be suitable. To go to the extreme, you could implement financial protection where it would apply to, firstly, the stockyards here in Toronto, to the community sales and to the drover—the old-fashioned name of drover. We believe there are 800 drovers and I forget how many community sale barns. How many community sale barns do we have out there? Can any of you people tell me? Fifty-two sale barns. Now that would be four areas of coverage. I suggested that we start at that level.

After several meetings, I had a letter from the president of the Ontario Cattlemen's Association, Mr. Gus Lask, about his stated support—it is dated September, so let us say it is a September letter—in which he pointed out to me that they would support me in financial protection being made applicable to the farmer, to the processor only, not to the community sale barns, not to the stockyards.

Now, to be fair to you people, I want to explain the whole situation to you. The stockyards came and said: "We have a monitoring system in effect at the stockyards. Processor A has bank funding for so much money. When that individual reaches that level we notify the commission people. In that way, we believe we are protecting the commission people and the farmers. We believe this is sufficient protection for the farmer coming on the sale yards."

They then called in the community sales people from out there—and I might say one of the people comes from the north end of my riding where he has been involved in a sale, I believe, in Bob Eaton's riding. They suggested to me as a group of two that they would set up a fund—a similar fund by the way, I would think to what our legislation permits us to set up. They would set up a fund that would guarantee protection on their own for the community sales and for the stockyards. The decision of government was that we would not put the country drovers in unless they requested to come in. I think I announced that to you people at the time of the legislation in the House.

With that, I am now convinced that after all these letters and after the process, I am now ready to go to cabinet with a regulation that will put into effect having the cattle go direct from the farmer to the processing plant, and I hope for January 1. The cattlemen's association and the processors tell me that should be a month either way, but my present plans call for it to be implemented January 1.

I look for directives through you people knowing now what the stockyards have said, should go on further and tell you—and this is the reason that I had hoped Mr. McDermid would be here as he licences the sale barns—we are increasing their bondages. We are looking at the size of the sale barn and we are going to make it compulsory for them to have bondings between \$10,000 and \$50,000. Over the last 20 years the farmers in the province have lost about \$15,000 through the community sales. One of them is right in Bob Eaton's riding. It affected a great number of the people.

Mr. MacDonald: Why do you bring community sales under the provincial fund?

Hon. Mr. Henderson: Originally, Mr. MacDonald, that was suggested by the cabinet.

Mr. MacDonald: What is the rationale?

Hon. Mr. Henderson: It is the fact that the went with the stockyards and said they were going to set up this other fund. That is what

have been waiting for, and I have been waiting 10 months, I do not mind telling you. I met with the overall groups and they told me they were going to do this. We tried to play the game fair with them. But in view of the fact of the small losses in the sale barns and the fact that Mr. McDermid in his licensing process is going to increase the bondage, I believe we are safe here.

We will write our regulations to give the drovers or the country dealers the right to this coverage if they want to collect the moneys and pay it in. Does that explain the financial protection to you fully? I think I have covered everything that Mr. Riddell brought up. If there are further questions or if I did not answer them fully, I will gladly try.

Mr. MacDonald: Mr. Chairman, I have four areas of policy and I do not intend to preface my questions with regard to these policy areas at any greater length than is necessary to explain the point I am getting at. In other words, I am not going to repeat great sections of my leadoff. The first one is with regard to the BILD program and exactly what it is doing. I know the minister mentioned this in his introductory statement, which I have not had a chance to read and do some calculations on. I put this question to you. Of the \$400 million that was allocated in BILD for resources, namely, mining, forestry and agriculture, how much is for agriculture?

Hon. Mr. Henderson: One quarter, \$100 million.

Mr. MacDonald: How much of that \$100 billion is now allocated?

Hon. Mr. Henderson: I mentioned that in my statement this morning. I think it was \$20 billion.

Mr. Allan: It was higher than that with the storage.

Hon. Mr. Henderson: Do you want to respond to Mr. MacDonald? Mr. Allan, as you know, is fully familiar. Let him respond to that.

Mr. Allan: We have two major programs out there that in a sense are dependent on response. One is the attempt to get processing investment and deals, and the other one is the upgrading storage. There are a lot of applications under the storage program and a fair number of significant projects on the other. In terms of the cash flow this year we may go as high as \$35 billion of actual money spent in this current fiscal year.

Mr. MacDonald: That \$100 million is for four years?

Mr. Allan: Five years. On the other hand, in that total bill of operation there is a kind of incentive in the sense that those guys who perform and can pay over, or those ministries or parts of the program that move and get into place, get the money. If there is some left and some other parts have not moved quite so fast, there will be some internal shifting. I would not say \$100 million is by any means a limit for agriculture. If we deliver and show results, we can get more, but I would guess we would probably exhaust the whole \$100 million in the first two-and-a-half years.

Mr. MacDonald: Let me get clarification on this in an area that really concerns me. The co-op movement is having real problems across the province. The United Co-operatives of Ontario is, as one might expect, facing the same problem as everybody else with high interest rates and, therefore, has less capacity to assist. We know that the Tilbury co-op down in the Essex area has now gone into some sort of a temporary—

Mr. McGuigan: Excuse me, please. Could I tell you my knowledge of it?

Mr. MacDonald: Let me spell out three or four because I want to ask why the Board of Industrial Leadership and Development is not focusing on assisting existing farm organizations and co-ops to get into processing and storage and things of that nature. As I understand it, the Essex farmers' association used to be a co-op. It has gone belly-up, but—

Mr. McGuigan: Excuse me, Mr. Chairman, on a point of order. As it did happen in my riding, I want to talk about it.

Hon. Mr. Henderson: Both of these are in Mr. McGuigan's riding.

Mr. MacDonald: I realize that. I want to raise it in reference to BILD. If you want to, deal with the marketing later. Let me state my objective to begin with. It seems to me that the co-op movement, which is engaged significantly in storage, could be engaged in processing much more than it is. It is a legitimate area that BILD funds should develop rather than going off in other areas.

Not only do we have the situation with the Essex association and the Tilbury co-op, we have it in the Waterloo co-op where, I understand, they have entered into a management agreement with UCO. They have to raise a quarter of a million dollars to be able to get on to some sort of a working basis, but they have

brought UCO in because they, the original board, had problems they were not able to cope with.

I raise it because, quite frankly, I am puzzled about this \$4-million grant to Canada Packers. If I had to make a choice, getting existing farm organizations and co-ops into the storage and the processing field would seem to me a more appropriate place than to grant \$4 million to Canada Packers which has a cash flow and an equity structure and, I would like to believe, really does not need this money to go out and do this job.

It is almost like the Texasgulf development out of Timmins a few years ago. They could not go anywhere else because there was the resource. They were able to milk the federal government for some \$60 million, if I recall the figure correctly, and get some tens of millions of dollars from the provincial government. They laughed all the way to the bank; it was a bonanza. They were not going to get into that if it was not profitable. Canada Packers is not going to get into rapeseed crushing if it is not a profitable business. Why do you have to give them \$4 million?

In addition to that, you have all of Ottis McGregor's queries. Why are you developing rapeseed when you have a soybean industry with great potential for development here in Ontario? Why are you developing rapeseed when the rapeseed meal is a less useful product than the soybean meal which can be used far more widely? Why, for example, as Ottis McGregor pointed out, if the government is going to put money in, would it not put money in for a soybean crushing plant in eastern Ontario to duplicate the crushing plant in Windsor which is capable of handling 185,000 tons a year?

11:30 a.m.

You have given \$4 million to Canada Packers when you have only 1,000 acres of rapeseed at the present time growing in Ontario. Indeed, Canada Packers is putting in money to Guelph to develop a rapeseed that will grow in Ontario, so you are in competition in a long-term sense with western Canada which is into the rapeseed. Ottis McGregor argues, it seems with a measure of validity, that it would have been far better to have assisted expanding the soybean industry and replacing those very significant imports that we have of soybean.

In short, the fact that it gets built in Hamilton is not going to be able to get produce from Ontario. I do not know how they will operate

unless they bring in the rapeseed from western Canada for the initial stages. Why \$4 million to a company that has all the assets and did not need the \$4 million? If they really wanted to get into a long-term profitable business, why ignore giving grants to the co-ops and other other farm organizations which, in my view, would be a more legitimate focus for BILD investments in storage and food processing in this province?

Hon. Mr. Henderson: Mr. Chairman, could I suggest that I respond just on the canola, not on the co-ops, because I think Mr. McGuigan would like to speak on that before I respond on it at all.

Mr. Chairman: Fair enough.

Hon. Mr. Henderson: I would like to respond on the canola only, Mr. McGuigan.

My dialogue with Canada Packers started about a year ago. They pointed out to me that they had done sufficient research. Our own staff at Guelph had done considerable research. They pointed out that they were now convinced that the areas of Essex and part of Kent County could within five years be growing three crops in two years. In other words, Mr. McGuigan, the riding you represent could have soybeans, barley or any of the cash crops they harvest before the end of September. Within five years, they will be able to plant a fall crop of canola in that area. That crop will be harvested about the end of June. If you speak to our research people, they will tell you that in the past the fall barley lacked about seven days of the harvest to replant with a crop of soybeans.

The research indicates that the fall crop of canola can be harvested some time in June and the ground can be replanted for soybeans, thereby producing three crops in two years. The deadline for that breaks off some place in the area of Chatham. We do not know where; that has not been proven yet. That was the first thing brought to my attention by the head of Canada Packers. If you had been in Simcoe County when I announced the grant to the canola crushing plant, you would have learned from my remarks that those counties are too far north to grow soybeans. I could take you to corn, and you people that are out there know about that. Jack Riddell could tell you that Huron county during the past 10 years has increased corn growing maybe 100 times. I do not know what the figures are, but they are—

Mr. Wildman: Corn is even being grown up in Algoma now.

Hon. Mr. Henderson: Yes. Corn is grown in Algoma, and good vegetables.

We have about 7,000 acres growing in Ontario. Across Simcoe, Grey and Bruce counties, there are no indications at the moment that we have a variety of soybeans that can be grown in that area. We have no indications across northern Ontario that we have a variety of soybeans that will mature. We do not have the climatic conditions. But, Mr. Chairman, let me tell you that canola can be grown all across northern Ontario. The purpose of this plant is to grow canola, as I said, as the third crop in Essex and part of Kent county, but the rest in the northern part of the province where they really do not have a cash crop.

Had you followed my remarks at the opening of the ploughing match, I stated that areas that can now grow oats and barley—and all these areas that I have referred to can and do it well—can grow canola. I stated that Simcoe county had 100,000 acres that could produce canola. In 1980, that land produced oats or barley to the extent of \$145 an acre. Had it been in canola, it would have produced \$280 an acre. That is the area of Ontario that this government was looking at for the canola plant.

Canada Packers have entered into an agreement with the government that they will take up to 200,000 acres as soon as we produce it here. They will be open for business in 1983. They will take canola from the west, but our Ontario canola gets the priority.

Mr. MacDonald: Has the \$4-million grant already been made?

Hon. Mr. Henderson: The \$4-million grant goes in progress payments. I will let Mr. Allan explain that to you. I left that up to my deputy minister.

Mr. Allan: It is not up front. When they have committed and expended, then we will reimburse them. I might point out that the federal estimates for Canada indicate that we might have as many as three million acres in canola in eastern Canada, that is, Ontario, Quebec, et cetera, within 10 years.

Hon. Mr. Henderson: That is the estimate of the government of Canada. This was partly in keeping with the federal Minister of Agriculture's announcement to us in Alberta that he believed we can reclaim two million acres of land in northern Ontario and northern Quebec.

I have my announcement here, Mr. Chairman, on the funding for the land clearing and drainage in northern Ontario. You people have got that already. We believe that this is in keeping with the canola plant. We believe the two work together.

With regard to the soybean people, my announcement in Simcoe said I believed this would put \$30 million annually into the farm economy. That is forgetting the export, forgetting what is the difference, but at the farm gate I believe this would put \$30 million into the farming community annually. The soybean board in their presentation to me told me that we were importing \$250 million worth. Maybe you read the report.

Mr. MacDonald: I knew there was a significant import.

Hon. Mr. Henderson: They told me that we were importing \$250 million worth. We, as the government of Ontario, believe that we are helping the farmers across the north and trying to improve conditions for them. I made it quite clear to the soybean board when they were in a week or so ago that if there was private enterprise in eastern Ontario ready to construct a threshing plant, BILD would be ready to be a part of it.

Mr. MacDonald: If your envisaging of the future is correct and there are three million acres in eastern Canada with, I suppose, half of it in Ontario, 1.5 million acres, and if one plant can take the produce of only 200,000 acres, you are going to need seven canola plants.

Hon. Mr. Henderson: We do not disagree. We believe that a future is out there for our farmers in the north part of the province and we believe we should encourage them.

Mr. MacDonald: I appreciate this explanation and we will just have to wait and see whether it is overly optimistic.

Hon. Mr. Henderson: We all will. The other thing I did not tell you is that Canada Packers have agreed to spend \$200,000 a year over the next five years through the University of Guelph to upgrade the product.

Mr. Allan: That is over the five years.

Hon. Mr. Henderson: Over the five years, not \$200,000 a year, to increase the research.

Mr. MacDonald: One of the arguments Ottis McGregor makes is if they are only now intent upon getting that research so that the product can be grown in Ontario, you are really jumping the gun.

Mr. Allan: I think it is the other way around, Mr. MacDonald. It is a little bit of negotiating to improve on the research already done. Enough research has been done to take the shot and to plan a market. If you continue to research, you not only expand the areas but you prove how

many of those seven plants or how much of that three million acres can really come into production.

Hon. Mr. Henderson: Mr. MacDonald, just to enlarge on that research, the farmers here who grow wheat can tell you that 30 years ago 50 to 60 bushels of wheat was a pretty good crop. Now it is anywhere from 70 to 100, as you know. That is because of new research and new types of plants. In my remarks last night, I referred to two new varieties of barley that had increased the production of barley. I do not think we ever stop researching. We have a plant that will grow canola; we know that. There are 7,000 acres.

11:40 a.m.

Mr. Riddell: You are sure that the market is there? You say that we are importing \$250 million worth of oil seed from the states?

Hon. Mr. Henderson: The soybean board presented this to me—\$254 million worth of soybeans imported annually from the United States to go through our crushing plants. This is in the brief. We have the brief that the soybean board presented to us.

Mr. Riddell: You are assuming that canola will compete favourably with soybeans, but are we going to be able to compete with the United States or are they going to be able to continue sending the product into Canada cheaper than we can produce it?

Hon. Mr. Henderson: The market is growing at 15 per cent a year. I gave a figure in that statement. This is a very small percentage of the vegetable oil that is being used in eastern Canada. These 200,000 acres are a very small percentage, something like 10 per cent. That is the market that is out there.

Mr. MacDonald: Where are we getting it now? From the States?

Hon. Mr. Henderson: Western Canada and the States. The federal minister would also tell you that there is a ready market in Japan. They want this vegetable oil. It is a ready market out there.

Mr. MacDonald: Not in Europe?

Hon. Mr. Henderson: No.

Mr. McGuigan: We do not have many worries about the market. I think vegetable oil is just about like fuel oil in that it can be used for so many different purposes.

Hon. Mr. Henderson: It was interesting to see that tractor at the ploughing match running on vegetable oil. Maybe you saw it there.

Mr. McGuigan: In making your announcement, did you mention this third crop option? This is the first time I have heard that.

Hon. Mr. Henderson: I have said it several times. It was in one of your papers about a year ago, last winter at least. Bob Boughner interviewed me on it last winter.

Mr. McGuigan: I did not know whether you had mentioned it during your announcement or not.

Hon. Mr. Henderson: Can you get my speech and give it to Mr. McGuigan? Yes, you were there and it was mentioned.

Mr. McGuigan: I wonder why they did not cut that.

Mr. Eaton: I am sorry, I came in in the middle of the discussion. Have there been any experimental acres or plots of canola grown in northern Ontario?

Hon. Mr. Henderson: There are 7,000. There is no problem. Dr. Rennie can tell you. Wait a minute. Maybe I have spoken out of turn.

Dr. Rennie: There are 13 locations across Ontario.

Mr. Eaton: Just plots, or has there been any sizeable acreage, 50 or 100 acres?

Dr. Rennie: I am talking about plots, variety tests.

Hon. Mr. Henderson: Let me help you. I spoke to the soybean board. I had them in three or four months ago when they came in from eastern Ontario. I told Otis McGregor and his committee at that time what had happened in Essex and the southern part of Kent county. I pointed that out quite clearly to them. They reminded me that we were putting effort on canola as a crop for the northern part and as a third crop, so they are putting twice as much effort into research on soybeans because they are still a major crop.

Mr. McGuigan: A number have tried soybeans after wheat without much success.

Hon. Mr. Henderson: That is what I said. We lacked seven or eight days. Maybe you can tell me more accurately than I can. There is no problem, even in my county, with planting soybeans on July 1. You will get a fair crop, though not as good a crop as you would by planting on June 1. But for harvesting wheat in Essex county, July 9 or 10 is about the earliest you can get your wheat off. In my county, it is July 20 to 25 or maybe 30. In that first two weeks of July you harvest wheat, but canola can be

harvested in June. That is the difference between the two. Soybeans can be planted around July 1, even July 3 or 4. Right, Mr. McGuigan?

Mr. MacDonald: Can I move on to my second area? Mr. Minister, I would like to find out what has happened to the Gord Bennett study on the family farm. It was an interesting review of the whole family farm situation. My first question is, what follow-through, if any, has taken place? Has it had any impact at all on policies? Specifically, I was rather curious to note that in it he raised once again the fact that you cannot ignore part-time farmers.

I know that these figures maybe are not strictly accurate, namely, that 20 per cent of the commercial farmers are producing 80 per cent of the produce and that 80 per cent of the farmers are part-time farmers and are only producing 20 per cent. But as far back as five, six or seven years ago, the ministry did a review of its operations by the former dean at OAC. I have forgotten his name now. Do you know him?

Hon. Mr. Henderson: Dean Richards.

Mr. MacDonald: Right. One of the things he pointed out is since the majority of farmers are part-time farmers and since farming is a way of life, not just a commercial operation, agricultural policy, as enunciated and worked out at the ministry level, should not ignore the part-time farmers.

I know this flies in the face of some commercial farmers. They argue that you should shape policies that meet the needs of commercial farmers who are in it full-time and to heck with the rest of them, some of whom are lawyers, doctors and what not from the city who go out and buy up and play with it.

Indeed, the former Minister of Agriculture and Food is trying to encourage that. He was one of the consultants who tried to get the whole agrominium deal going up in West Gwillimbury township where they would have a new subdivision and have 50 or 60 houses around a circle of 800 or 1,000 acres and they would all play at farming in the doughnut in the centre, so to speak.

Hon. Mr. Henderson: Even out in Mississauga for the doughnut.

Mr. MacDonald: This was going to be a minor doughnut up in West Gwillimbury. It was an interesting violation of what I thought was the ministry's land-use policy that he himself had helped to shape. Once he got into retirement, he was a consultant for these developers to violate that policy.

My question specifically is, what is the ministry's attitude towards part-time farmers? To what extent do you think it is legitimate and necessary that policy should be shaped to meet their needs as well as those of the full-time farmers? I ask that in the general context of what have you done, if anything, with the Gord Bennett report?

Hon. Mr. Henderson: I spoke to the former Minister of Agriculture and Food two weeks ago. He wanted it made clear that he is not hired by a consultant of any type. He has got no moneys whatsoever out of this proposed condominium and he is not for hire for such a job. His interest in it was only that he felt it would improve the total product.

Mr. MacDonald: If you can persuade the local OFA that that is the case, you will have to argue fast.

Hon. Mr. Henderson: We are not worried over that. As you know, the cabinet has rejected that petition and it stands.

Mr. MacDonald: After a lot of pressure. But what about the Gord Bennett report as a whole?

Hon. Mr. Henderson: The Gord Bennett report made many recommendations and said, as you have quoted, the family farm is still basically the farm, although there are some commercial operations out there.

I have this in my own riding, I would suppose, more than any riding. The young farmers are farming nights and weekends. They are working three 12-hour shifts a week and they have four days at home. They are carrying on major farm operations, but their actual living is coming from their urban job in the petrochemical industry.

This is one of the reasons we have kept the amount down. You will remember last year the provincial auditor's report suggested to us that the farm income should be raised to qualify for the tax rebate. One of the things we are trying to work around at this moment in the farm tax rebate is to try to get the value of that.

11:50 a.m.

I will refer to my own riding, but it applies across all of Ontario. If you are working in the petrochemical industry and farming 100 acres of cash crop, your income could be \$25,000. With \$10,000 in expenses, you will come up with a \$15,000 gross figure. We are toying with these figures, from the present \$8,000 up to \$15,000. We have an end to it.

If you look at the tile drainage loan money, we have made it available to those people—most of our programs are down that line.

Mr. MacDonald: In other words, you are responding positively to—

Hon. Mr. Henderson: Yes.

Mr. MacDonald:—the Richards report and the Bennett report that you cannot and should not ignore the part-time farm.

Hon. Mr. Henderson: I would have to be honest with you. I personally have not read the Richards report.

Mr. Riddell: Where have the part-time farmers been discriminated against from the standpoint of agricultural policy?

Hon. Mr. Henderson: We have had several inputs, and I do not want to name any farm organizations, that suggest that the Farm Credit Corporation, for instance, permits one to work off the farm for five years.

Mr. Riddell: That has been changed. The Farm Credit Corporation now permits one to do that.

Hon. Mr. Henderson: They have not publicized that.

Mr. Riddell: For some time they have acknowledged the fact that you may have to work off the farm to meet your obligations.

Hon. Mr. Henderson: That was in effect at the time of the Gord Bennett report.

Mr. Eaton: The worst problem is that if at the end of five years you are still working they say they want to recall the loan. Now they have backed off in a couple of ways.

Mr. Laughren: Yes. They look the other way quite often.

Mr. Riddell: I do not know where the part-time farmers have really been discriminated against.

Hon. Mr. Henderson: Let us go back, Mr. Riddell, seven to 10 years. The Challenge of Abundance referred to the part-time farmer—I cannot remember the reference; Mr. MacDonald would remember that—and suggested that we should concentrate our efforts on the full-time farmer. That has been where the concentration has been down through the years. But during the last two years we have relaxed that and we are trying to help the person who is legitimately farming, who is really out there—not a hobby farmer—out there producing. We are trying to help him.

Mr. MacDonald: Of course, your problem is going to be how to sort out the hobby farmer from the farmer who is attempting to move into the field.

Hon. Mr. Henderson: I would think if I was out there with 25 racehorses, you would not call me a food producer. You would call me a hobby farmer.

Mr. MacDonald: You would be able to get grants running out your ears from other sources if you had racehorses.

Hon. Mr. Henderson: I think you would call me a hobby farmer.

Mr. Eaton: Twenty-five is pretty important economically in our area.

Hon. Mr. Henderson: Have I responded, Mr. MacDonald?

Mr. MacDonald: Yes.

Mr. Riddell: Just as a matter of interest, is the tobacco grower a food producer?

Hon. Mr. Henderson: No. The tobacco grower does not qualify for the interest subsidy, only on the portion of his operation that is food. They were not too happy at that time. They told me you did not support them.

Mr. MacDonald: I refuse to hide my pipe at this point.

Can I move on to the next area? I want to make a quiet, fervent plea that this government should move to clarify the situation with regard to farm labour and the discrimination in the Labour Relations Act, which has produced incredible anomalies with regard to the labour board not being able to certify workers who are allegedly in horticulture when they are in a factory in which they punch the clock and are just like industrial workers.

The reason why I raise this plea is that it may well be that there is enough intelligence out in the agricultural community that this is not going to develop into the kind of massive confrontation that for a while captured the headlines a few months ago. The minister added to that confrontation by enunciating the rather outworn idea that farm workers are adequately covered now and do not need unions and things of that nature.

I know out in the agricultural community there is almost a pathological antipathy to unions. But the time has come when I think it is necessary for the leadership to indicate to farmers that they too are interested in collective bargaining. There is a little bit of contradiction, to put it in an understatement, for farmers who

argue that they want to have collective bargaining rights to their marketing boards, even to the point of pricing and supply management, in order to have real control, then on the other side of their mouth say that workers who want to get into a union in order to get a fair return for their labour should be denied that basic civil right.

In my view, the right to collective bargaining is a basic civil right which is exercised by almost every group in society today, and there is no legitimacy in denying it to farm workers. However, it is even more interesting. When this whole issue came up last fall I was interested in an intelligent and enlightening observation from Adrian Voss in an article in *Farm and Country*, on which the headline says, "Farmers Should Welcome a Labour Union."

He argued, "Following this reasoning, further emergence of a strong farm labour union can only help the family farm to survive," because the only place one is going to have significant workers, who legitimately should have a union, is in the so-called factory farm, the really big farm, the corporate farm, which is the threat to the family farm. His argument is that the family farm is going to benefit if there are unions because it is going to reduce the possibility for the corporate farmer to unduly exploit his workers and deny them a fair share of the fruits of their labour too.

Since this issue has tended to quieten down and since rather sane approaches to this have emerged in enough of the agricultural community that it has not blown up into the storm which it appeared it was going to a few months ago—and, incidentally, most farmers today, if they want good labour, are already paying something that is significantly beyond the minimum wage, so the prospect of a union being an excessive burden and crippling factor in their input costs is significantly minimized—is there any possibility that you, the Minister of Agriculture and Food, might take the initiative of the government and say that that discriminatory element in the Labour Relations Act which cuts out so-called horticultural workers would be removed so that you do not deny this basic civil right to a group of people who choose to work on the farm rather than elsewhere?

Hon. Mr. Henderson: The honourable member referred to somebody by the name of Voss.

Mr. MacDonald: Adrian Voss, a former member of the executive of the Ontario Federation of Agriculture.

Hon. Mr. Henderson: The Liberal critic can tell you he likely knows him quite well. I think he comes from—

Mr. Riddell: Is he a resident of Huron county?

Hon. Mr. Henderson: Yes, I think he is.

Mr. MacDonald: Adrian Voss?

Hon. Mr. Henderson: Yes.

Mr. MacDonald: I thought he was down in Haldimand.

Hon. Mr. Henderson: No, I think he is from Huron county.

Mr. Chairman, my memory takes me back a few months ago when the leader of the New Democratic Party, I believe, asked the Minister of Labour (Mr. Elgie) a similar question to what you are asking me at this time. The response of the Minister of Labour at that time in the House was that this government has given special concessions to the farming community across Ontario in our regular policies of the government. We have not received any information which tells us we should change that policy.

Mr. MacDonald: What special concessions? What are you talking about?

Hon. Mr. Henderson: They do not come under that special—I forget the number of the section. They are excluded from—

Mr. MacDonald: Special exemption.

Hon. Mr. Henderson: Yes.

Mr. MacDonald: It denies basic rights to individuals.

Hon. Mr. Henderson: Special consideration, special exemption, if you want to use the word. Let me make it clear that I have not been approached. We have 20-odd marketing boards. We have three major farm organizations. Not one of them has approached me to ask me to change that act. The group which was out there trying to organize the farm workers did not approach me. The only approach that I have had made to me is by the press, and I believe I received one question about it.

Mr. MacDonald: Is this not an area where it might be possible for the minister to lead, rather than to flounder and follow? This government is very much in favour of a charter of rights. Indeed, they are supporting the federal government, being almost uncritically in bed with Trudeau on the whole constitutional issue—

Hon. Mr. Henderson: I hope not.

Mr. MacDonald: —because they are in favour of a charter of rights. A charter of rights, in my view, should not deny people basic civil rights of

collective bargaining. Can you not lead on this instead of waiting for somebody to come and push you into action?

Hon. Mr. Henderson: As I said, there are over 30 groups when I count the three general farm organizations and the marketing boards. When the majority of them come and tell me, I will be ready.

Mr. MacDonald: You are a great leader. When you find out how the flock is moving you get at the head.

Hon. Mr. Henderson: No. I maintain that exemption will stay there, if at all possible, until the farm leaders out there ask to have it removed.

12 noon

Mr. Riddell: I think in your response you could have mentioned, in all fairness to the farmers, the many concessions that are given to their assistants or hired labour. My goodness gracious, some of them are given a house. Their deep freezers are kept filled. The milk is provided. One could just go on and on with all the concessions. Let us be fair to the farmers. They have certainly treated their hired help well. If you start pushing for something like that, if you want to see the farmers go to automation, by God, you just start coming in with those kinds of programs.

Mr. MacDonald: Mr. Chairman, I am going to revise my comment I made earlier that Jack Riddell is more Tory than the Tories. He is just as Tory as the Tories.

Hon. Mr. Henderson: He told me this morning he liked that comment. He was whispering that to me out in the hall. He hoped you would keep repeating it.

Mr. MacDonald: He appeared to be aroused by it when it first came out. However, let me come back to this. Sure, on most family farms the farm worker is paid a fairly decent wage and so on, but we are not talking so much about the family farm. We are talking about the so-called factory farm. It is ludicrous where there is a farmer who is producing mushrooms. He has scores of workers working just as though they were working in a factory. They are punching in the clock. Yet, when these people go through the normal process to get collective bargaining and come before the labour relations board, the labour relations board's hands are tied.

It is possible for you to separate out, if you will, workers on the family farm who are treated relatively well—in fact, I will accept in most

instances well—from the factory farmers where those people are entitled to collective bargaining rights. Leave it to the labour relations board to come to the decision as to whether it is really a corporate farm structure, really an industrial structure rather than the family farm setup. However, I did not really believe that I could get you to lead, so I am not disappointed.

Hon. Mr. Henderson: Mr. Chairman, I just want to add to what the Liberal critic has said. Last fall there was criticism of the quarters that were supplied to the workers in some areas of the province. At that time I went to visit some of those quarters and their collective facilities take no back seat to the top hotels here.

Mr. MacDonald: Sure, you are right. You provide funds to build them now. But 10 or 15 years ago it was such an outrage that the churches got into the battle; so now you have provided funds in order that there will be decent housing.

Hon. Mr. Henderson: Once I went to visit those facilities, I was pretty proud of what our farm people are supplying to their hired help.

Mr. MacDonald: The final area of policy I want to raise with the minister is how come after 10 years of dragging your feet and saying nothing on it, suddenly, on the eve of an election, you announce that the stockyards are going to be moved out? In the intervening 10 or 15 years since this question was first raised—and I speak about this rather feelingly because, while the stockyards are not in my constituency, they are on the border of it and I have the aroma of the stockyards and my constituents have the aroma of the stockyards to cope with.

Hon. Mr. Henderson: That is where you got your touch with agriculture.

Mr. MacDonald: I got my touch with agriculture as early as you did back on the farm, and I have not forgotten about it either like some people who were on the farm whose most outstanding characteristic is that they are proud to have left it. I am not proud to have left it.

What is happening on this whole stockyard deal? I note in a clipping that came over my desk that the cattlemen's association is opposed to the proposal. I am rather curious to know what the municipalities that are going to be affected by it feel about it. They, I think, are thumbs down. I am rather curious about all the home owners who may have to live with the smell when, by God, they now discover that the stockyards are going to be moved 10, 15 or 20 miles away when they have bought a home and

are living close to it at the present time. Last but not least, if you are going to move the stockyards—I hate to break up this little caucus.

Hon. Mr. Henderson: I am just asking about a situation that is more important.

Mr. MacDonald: Something more important? That is what I thought. Sometimes you are so unwitting that it is magnificent, Mr. Minister.

The other point is that if you are going to move the stockyards, why, in heaven's name, do you wait until literally millions of dollars have been invested in expanding existing plants and the construction of new plants? Are you really serious, or is this just another ramification of the BILD program in the whole election buildup?

Hon. Mr. Henderson: Mr. Chairman, it was leadership. The honourable member just suggested that we never lead. This gave the opportunity for dialogue among the industry, the people and the local municipalities.

Mr. MacDonald: Did you ever consider having the dialogue before you enunciated your policy?

Hon. Mr. Henderson: Yes. If we started talking to industry and not to the municipalities or the people locally, we would be criticized. This announcement made it clear to the public that we are ready for dialogue.

Mr. MacDonald: What dialogue have you initiated?

Hon. Mr. Henderson: There has been considerable dialogue. As we go through, I will respond. I would prefer that.

Mr. MacDonald: You mean down the road, not in these estimates?

Hon. Mr. Henderson: No, in these estimates, but not today.

Mr. MacDonald: You mean you are going to bring in that deep file that was built up over the last 20 years and is now about three feet deep?

Hon. Mr. Henderson: On my desk it is only about that deep, but over the 20 years in the department it might be deeper. I would like to leave it right now, but remind me about it. Let us put it on, say, next Wednesday or Thursday.

Mr. MacDonald: Okay, if you want to leave it. Mr. Allan will have to burn the midnight oil to write that speech too.

Hon. Mr. Henderson: No, he will not. I could respond off the cuff at the moment, but I would prefer to leave it.

Mr. Stevenson: I suppose it is fair game to comment on some of the things that have been

stated so far, particularly by members opposite, and comment primarily on some of my own observations over the past few years, most of these observations having been developed long before I arrived here in March.

It was somewhat surprising to me to hear some of the comments of Mr. Riddell this morning in the area of farm finance. It is a somewhat different approach to what I have heard from him before, although it may not be a new approach. Possibly I just had not heard him speak with quite the emphasis he put on things this morning.

It is certainly quite clear that agriculture is a very capital-intensive business. Surveys in the United States would indicate that the capital investment per farm worker is greater than the investment per worker in any other industry, even surpassing that in the oil and gas industries, in the refinery and exploration aspect of those industries.

Certainly it is clear that there has been a tremendous change in the attitude of farmers towards capital in the last two years, how they obtain the capital, how they use it and how much they go after. I do not think that was really promoted by government to any great extent. It is a change in attitude that goes through our society, and I suppose the changes have been particularly dramatic in agriculture because a few years ago farmers usually borrowed money to buy land and for just about everything else they paid by cash. We have seen some major changes in that area.

Farmers who were not careful very easily got themselves into a financial bind because of the rapidly increasing equity they found in their businesses. Much of this equity quadrupled in value over a period of 10 years, but their net incomes basically only doubled in 10 years. So their ability to get capital and, if they are expanding, their need for capital, has gone up approximately four times. Their ability to pay it back has only doubled. There are some people who have expanded the size of their operation two or three times in one year—and that is not common, but certainly not uncommon either. Now some of these people are in trouble.

12:10 p.m.

Quite frankly, if you look back over the history of agriculture in Canada, there have been relatively few periods of time when farmers could have any hope of doubling and tripling the size of their operations in a one-year period and expect to come out of that without being financially scraped. We had a period of two or

three years when cash flows were quite good, particularly in the livestock business, and I think the lending institutions and farmers maybe got a little dreamy-eyed about what the future was going to hold.

A number of these people have got themselves into trouble. Some of them have simply gone beyond their management abilities, to say nothing of their financial ability. To suggest that tax dollars should be used to bail out some of these people is open to question. Certainly there are some people out there who legitimately got into trouble and could use some help, but to go to the extent that some groups are suggesting is open to question.

Interest rates are very good buzzwords at the moment and they are a very real concern. A year ago they probably attracted more public interest than they deserved. There were other aspects of the livestock industry that were probably hurting the industry as much or more than interest rates, but they were much more difficult to explain; therefore, they did not get the coverage they probably deserved.

I could use our own example quite readily. In 1980, we were in the beef business, and still are. When we bought the cattle for 1980, we budgeted for a 17 per cent interest rate which, I am sure, was very close to the average interest rate we had in that particular season. But we certainly did not budget for corn prices going from \$120 a ton to \$170 a ton. So really the feed costs in that particular year had a far greater impact on many beef operations than did the interest costs. People had the opportunity to budget for the interest costs in that particular year because we had been through one change of interest rates and one could sort of semi-predict that there was going to be another one.

The people who have managed to maintain their positions, particularly in the beef business, have gone through major changes in their own operations, in their buying habits, their selling habits and their feeding habits in many cases, to try to stay buoyant. The ones who have successfully done that certainly have not done well, but at least they are still in there and still in a position to carry on without any particular risk of going under.

Many of those people who were, you could almost say, dreamily looking at this \$1 a pound beef and so on that we used to see in the press—a number of times a year it would come up—and paying outrageous prices for stockers, are in very serious financial trouble right now. We have a situation now where stock or steer

calves are selling for around 80 cents a pound, plus or minus a few cents. Those very same cattle two years ago were selling for \$1.15 and \$1.20 a pound, with feed costs today not all that dissimilar from what they were two years ago particularly on the energy portion of that diet and with the final selling costs in the same order.

For people who took a serious look at what the futures were saying on beef prices at any time and looked at their production costs and looked at their buying payments, it was very difficult—I would say impossible—to justify some of the prices they were paying for those stocker animals.

You cannot always use the futures price as a good indication because everyone knows it is up and down like a toilet seat, but at any one particular time it is the best estimate of what is going to happen in the industry. That estimate is in there from people who are heavily involved in the industry. Certainly it can at least be used as a guide as to where a heck of a lot of people expect us to be in the market in the future. People do not have to use the futures market in reality, but they can use it as an index. Obviously, there were a lot of people who did not.

Again, one comes back to the situation that there are some people who definitely need help. I suppose one can say in a sense they deserve help, but one also has to be realistic. There are some people out there who, from bad decisions and in many cases probably bad guidance, have got themselves into a very serious position.

There are some of them, as Mr. Riddell said, who are in the position where one would almost have to buy them out totally to get them back on their feet and let them go again. There is no guarantee that within a little while they would not have themselves in another mess. That is not to take away from the ones who are very good managers and, just from luck more than anything, ended up in a bad position.

When one compares the situation with other provinces and looks at the funding that farmers get in certain other provinces as compared to Ontario, of course, it is a great game to play. I can recall a number of trips to the Maritimes, long before I got into this business. We would go down there on speaking trips and for various other reasons and look at the funding the farmers were getting a decade or more ago. It was always good to look at the capital grants they could get. They could build one silo and get a 40 or 50 per cent grant—I cannot recall the exact figures—and three years later they could build another silo and get the same grant, and so on.

The fact of the matter is that the farmers there needed those kinds of grants to even begin to be competitive with Ontario. They do not have the climate and the soil and the flexibility in cropping systems and so on that we have. Quite frankly, they have to have higher support than Ontario farmers just to keep themselves in the agricultural business.

At the traditional levels of assistance the provinces had, Ontario farmers competed quite well. It is really only recently when some of the other provinces have, you might say, stepped out of line from the traditional levels of funding that we are getting some of the present complaints or observations. Mr. Riddell alluded to some of these things.

Just because government gets into some of these programs and makes money available does not always mean it is in the long-term, best interests for agriculture. I suspect one could look at the hog situation in Quebec as it is developing, take a fairly strong view of that and really wonder in the long term whether that is going to be in the best interests of the hog producers in that area. In a sense, the farmers in Ontario are not complaining so much about what other people are getting and they are not getting in this province, but more that we are competing against the treasuries of other jurisdictions. That makes it more difficult.

12:20 p.m.

But we are turning around and in some cases asking the provincial government here to get involved in somewhat similar programs, and in a sense asking them to try to have two wrongs make a right. We have to take a fairly hard look at any program to see that we are just not doing it to try to correct a situation that has been created in some other province. We must take a very realistic look at whether it is in the long-term interest of Ontario agriculture. There are farmers out there who would like heavy provincial involvement, but I suspect there are just as many more who would not, and it certainly has to be seriously investigated.

I also wanted to make a short comment on canola. It was talked about earlier. I can say that the research on canola is not something that has come forth recently. In the mid-1960s, the University of Guelph had a fairly significant research program on winter canola, particularly on developing winter hardiness in that crop. It has been grown at the Elora research station for as long as that station has been in existence and was grown prior to that in the Guelph area.

There has been major selection for winter

hardiness, and not only will it overwinter in southwestern Ontario, I suspect it will not be too many years before it will overwinter pretty well anywhere that winter wheat will overwinter. There are a number of reasons it has not taken off sooner, I suppose. Number one: the winter canolas traditionally have not had zero thioglucosides and zero erusic acid, and that has delayed their development somewhat, although they are working on that.

The other thing they have been working on for a number of years is getting atrazine resistance into canola. That does many things. It increases the ease of weed control in rapeseed and it also makes it much more flexible in cropping systems because it can follow corn very easily without running the risk of atrazine damage. They have been doing work on that for years.

I can remember in the early 1970s there was commercial rapeseed production in the Dundalk area and all that upper area there, in the, as it were, noncorn-growing area. Canadian Vegetable Oil Processing agreed, prior to the crop being planted, that they would handle it, even though it was a major headache for them to handle it.

The budgets done on those crops were very competitive with any crops grown in that area as a cash crop, and I do not think there is much question that there is significant potential for the crop in the province. So it is not something that has just developed to serve the need of a grant that had to be handed out.

I think that is all that I have to say right now.

Hon. Mr. Henderson: Did Mr. McGuigan wish to deal with the co-ops?

Mr. McGuigan: I wanted to talk on policy now. How long are we going?

Mr. Chairman: Until one o'clock.

Mr. McGuigan: I want to make a small correction in the record in one of your reports yesterday about the new system of arbitration for the vegetable growers' marketing board, final offer selection. I hate to tell you, but it is not new. The vegetable board used this in 1952. It is the same board, and the reason I happen to remember it as 1952 is that in that year we had a strike in contracting tomatoes. My friend Donald MacDonald here will be glad to know that I marched on the picket line.

Mr. MacDonald: I do not know how you qualified as a progressive and stable and positive person in the minister's view if you marched on picket lines.

Mr. McGuigan: Yes, I have marched on picket lines. At the end of the strike, we finally had an arbitration before a judge whose name I cannot remember because it was so long ago. I remember him saying to each side—and we did not use the words “final offer selection;” it was not heard of at that time, I guess—“I want each one of you to bring in an offer. Be realistic, because I am going to take one of the two and I won’t divide it,” which was always a habit up to then.

We went back, and each side decided, “Well, we were right in the first place,” so we did not change our offers when we came back. So I have some reservations about—

Mr. MacDonald: Did you win or lose?

Mr. McGuigan: We won.

Interjection: You were right, for a change.

Hon. Mr. Henderson: The processors lost.

Mr. McGuigan: The processors lost that one. I think the price was \$28 a ton.

Hon. Mr. Henderson: They are a little over that today, are they not?

Mr. McGuigan: In the \$80 range, aren’t they?

Hon. Mr. Henderson: Nearly \$90, I think.

Mr. McGuigan: Ours were \$28 a ton.

I want to thank the minister for his designation as a positive person. I am not sure whether that is damning me.

Hon. Mr. Henderson: It leaves it open for debate.

Mr. McGuigan: Anyway, I shall accept it, whether it is damning me or not.

I do want to take credit for some of the things that are in the BILD program. If you look back at notes from the last couple of years, you will see that I was very strong on storage programs. It was kind of interesting to note that the Premier during this last campaign was repeatedly mentioning cabbage. Every time he did, I told myself I was the one who put that into the program. I do not know whether it helped or hurt, but some of these items that came into BILD were mine.

I had asked that fruit trees be covered under crop insurance, as they are in the US. That was denied, but they came around in the back door, as it were, and they have included fruit trees under the BILD program. I should still like to see them under crop insurance and I shall talk about that in the crop insurance discussion.

While we are talking on the BILD program and fruit trees, one of the items is the cling peach, which I believe has a great future here in

Ontario. But your program says, I think, you will provide \$500 an acre for cling peaches, provided you have a contract with the processor to ultimately receive those. My son went to the processors, and they said, “Fine, we want all we can get in the future, but we won’t give you any contract.” It seems to me that puts a stop to this.

I should like to hear your comments.

Mr. Wildman: The chairman should have a whistle to blow at the end of the time for the huddle.

Hon. Mr. Henderson: Would you like Mr. Doyle to explain? There is a reason for it, which I think would be of benefit in the long run.

Mr. Doyle: Mr. Chairman and Mr. McGuigan, the reason it was phrased that way was that the intent is to encourage peaches for processing. We wanted to put something in there that would put an obligation on both the processors and the growers that these peaches would be going into the processing industry. As you know, there is not the same problem at all on the fresh harvest.

If there is a specific problem, Mr. Minister, with respect to some growers having a problem in getting contracts, we would be happy to assist in trying to resolve that.

Hon. Mr. Henderson: Mr. McGuigan has brought out a very important point. I remember that when I looked into the situation a year ago, the canning factories were only canning about 40 per cent. As I remember, they were processing some 4,000 tons here, and we had the capability of consuming about 10,000.

12:30 p.m.

The reason that canning factories were not using this potential was because they needed the clingstone peach, which had a better flavour. Back in the mid 1960s we were producing freestone peaches and they were not meeting the need of the canning factory. Now there would be no point in you, or me, or our sons producing the clingstone if we did not have a market for them.

Mr. McGuigan: I would like to suggest that you open that program up, on two items. Number one, outside of the Niagara Peninsula as I am, the real need for me is a local processor. I do not want to be tied to trucking my fruit to Niagara. If I cannot get a local processor, it cuts me out of the program.

Hon. Mr. Henderson: Help me though. Does your local processor use the freestone peaches?

Mr. McGuigan: Yes.

Hon. Mr. Henderson: Is that all he uses?

Mr. McGuigan: They would use whatever they can—clingstones. There are very few clingstones left in our area.

Hon. Mr. Henderson: We know, that is the reason why we have come out with this plan. Processors were wanting the clingstone—

Mr. McGuigan: But you can understand a processor not wanting to sign a contract today tying him up eight or 10 years down the road, because goodness knows, he might not be there eight or 10 years down the road. He might cut that part right out of his lines altogether.

Hon. Mr. Henderson: We will take that under advisement. You have brought up a good point and we will look at it, Mr. McGuigan.

Mr. Riddell: That is being positive, Mr. Minister.

Hon. Mr. Henderson: Yes, leadership.

Mr. McGuigan: Personally I want to avail myself of it. I grew 35 acres of peaches about five years ago and the winters cleaned me out. I want to get back into it, so I am not diving in to take something I was not already in before. That is why I wanted to go the crop insurance route rather than this one.

There is another aspect of the cling peach. It can be sold to consumers. I have sold them to consumers. I think it helps the overall sale of that product to have some consumers taking them home and canning them. It does not take away from the end use, from the number of people and the pounds that are used in a year. It seems to me it adds to that, because once that person has tried it themselves, they find that it is a good peach. There is a good deal of resistance because the housewife is used to canning the freestone.

There are two problems with the clingstone. One is the stone and the other is getting the skin off it. We tell them how to do this and there are easy ways to do it, and they have tried it and they come back the next year and said it was a great peach. So I do not think we should be limiting the peach—

Hon. Mr. Henderson: Help me here. You tell me that the housewife does come in and request them. I can remember as a boy my mother canning clingstones.

Mr. McGuigan: They were terrible peaches.

Hon. Mr. Henderson: I lost my mother when I was quite young, but then I do not remember ever having home-canned clingstones.

Mr. McGuigan: The old clingstones, Mr. Minister, were terrible peaches.

Hon. Mr. Henderson: They were not that bad, I thought.

Mr. McGuigan: They could not compare to any of the freestones that were available at that time.

Hon. Mr. Henderson: I was not aware that any households were canning them.

Mr. McGuigan: We sell quite a few of them.

Hon. Mr. Henderson: Do you have some on your farm?

Mr. McGuigan: The last went down this past winter. We had them until this winter. The advantage of them is it is the type of fruit that the consumer wants, and the tree is a little hardier; a big problem here in Ontario in growing peaches is our weather. The tree is a little hardier.

Hon. Mr. Henderson: I did not really think Essex county had any problems with the weather until about May or June of this year.

Mr. McGuigan: Our problem in Kent and Essex is the winter.

Hon. Mr. Henderson: Yes. But I have seen some bad crops of soybeans this year in the area you represent, driving along Highway 401 east of Chatham.

Mr. McGuigan: We had some wet weather.

Hon. Mr. Henderson: Yes.

Mr. McGuigan: Oh, God. Don't get me on that. It has been terrible down there. I would like to have you take a second look at that program.

Hon. Mr. Henderson: We will.

Mr. McGuigan: I do not think that restriction is necessary. There are probably people who argue that it is necessary.

Hon. Mr. Henderson: You have brought out a good point. If we have reason, we will reconsider.

Mr. McGuigan: I do not think it is. But I would like to say in a general criticism of the ministry that—

Mr. Wildman: Oh, you are going to get negative.

Mr. McGuigan: Yes. Take it whichever way you want to, but as a general criticism, it seems to me it is downgrading this ministry when it is taken under the BILD program under another ministry. It goes back a bit to what Donald said, that back in 1963 it became Agriculture and Food, so we added another concept.

I remember the minister at the time assuring us that in no way did it downgrade the ministry. I am not so sure today. Not when we see the BILD program being administered by another minis-

try. Perhaps there are administrative reasons for that, but to farmers and people who represent farm constituencies, it does not look that way.

Hon. Mr. Henderson: Did you want me to respond to that?

Mr. McGuigan: Yes, if you could.

Hon. Mr. Henderson: As was mentioned earlier this morning, Mr. Chairman, the BILD program is a \$400 million program; \$100 million of that is destined for agriculture.

Bill Doyle has been my man on that committee from day one. When agriculture programs were put together, we dealt with those. We administer all the agricultural programs. Again we, as ministers, must be on guard that there is not a duplication, which was the main purpose the committee was put together under Duncan Allan and each ministry had a staff person in charge. We felt we were pretty well represented by the assistant deputy minister. Again, I just say it was to avoid duplication.

Sure, we would love to have \$100 million in our budget. We would love to, but yet, we believe that it does not need more staff to administer it this way. Let me just assert that we do administer those funds that come through us and the two ministers do sign the contracts.

Mr. McGuigan: I am not sure if it was last year or the year before, that some million or so dollars of BILD funds were not used by agriculture.

Hon. Mr. Henderson: That could be because there was not—can you answer that?

Mr. Allan: Are you speaking of the grants to some tomato processors, Mr. McGuigan?

Mr. McGuigan: That was part of it. But that only made up part of the \$3 million that was available.

Mr. MacDonald: That predated the BILD program?

Mr. Allan: Yes.

Mr. Doyle: It was a different program. It was an employment development fund program and quite honestly, we had difficulty showing employment levels, because generally speaking in agriculture and associated businesses, you cannot show for a given level of capital investment, as Mr. Stevenson was saying, the same level of job creation.

As Duncan Allan will tell you, when the new program was being designed, we pitched very strongly that that particular restriction be removed and we were successful in doing so.

Mr. McGuigan: I appreciate that, but my point is that money was in another ministry and we allowed that to slip through our hands. Here we have the BILD program in another ministry. Are we going to allow any of this \$100 million to slip through our hands?

Hon. Mr. Henderson: Let me put it this way. If we do not have takers out there and we see that it is going to help the economy of the province, do you not think we should make use of it—if we do not have takers?

Mr. McGuigan: Oh, yes, I guess so.

Hon. Mr. Henderson: Before Duncan responds a little more, let me tell you that when the BILD ministers are dealing with anything in agriculture, I am there. They meet Wednesday mornings at eight o'clock. If there are BILD projects to do with agriculture, the Minister of Agriculture and Food is there. So we have our direct input first through BILD, and then when it goes to the ministers, I am there to represent agriculture.

Mr. MacDonald: Mr. Minister, could we have a listing? I know you have it scattered throughout the report of what programs the money has been allocated for. You said 20-odd. I can put a question on the Order Paper, but—

Hon. Mr. Henderson: We can have that for you, Mr. MacDonald.

12:40 p.m.

Mr. Allan: I would like to add, Mr. Minister, to what you said and I address this to Mr. MacDonald. There is a pool of funds there in the central repository, so-called, and there is some competition to see which ministries can come in with something which is useful and imaginative and draw on those funds. Obviously, if there is co-investment, private initiative, co-operation by the government, those are all selling points.

We are in front of BILD now as a ministry for something that was never even considered in the BILD program. We are asking for long-term funding to upgrade our agricultural colleges in terms of machinery, labs, computers, and so on.

Mr. Riddell: Do not forget the veterinary college.

Hon. Mr. Henderson: It is all part of it. It is all part of a large sum of money.

Mr. Riddell: I am tempted to raise that.

Mr. Allan: We are looking for multi-year money rather than one-year money. One-year money comes in our estimates. You guys are debating 1981-82 money. We are looking for

money that will extend over a period of years, which is one of the attractions of the BILD operation; you make a deal or get a funding commitment that extends beyond the life of—so you are not in this one-shot business, you are not in lapsed funds problems. It seems to me the initiative rests almost entirely with this ministry, not only to get what we can justify but to be creative in approaching that central agency in competition with other ministries.

Mr. MacDonald: I come back to my earlier sally—and we left it to later estimates—with regard to co-ops, because it seems to me that your co-operative movement is a natural for storage and for processing.

Hon. Mr. Henderson: We will deal with that, Donald. We will be very glad to.

Under what vote are we dealing with it?

Mr. Chairman: Marketing.

Mr. McGuigan: It would reassure farmers if you really headlined your influence and your aspects of your work in BILD, because we do have this apprehension about what is happening to us in this agriculture ministry and it is a spot where we can really take some leadership.

Hon. Mr. Henderson: Okay, we will deal with it tomorrow night. At the opening tomorrow night we will bring you a full report on it if that would be suitable for you. We will be glad to. Maybe we have not said enough.

Mr. MacDonald: Maybe not only what you have signed contracts for but what is in the mill. Some of that, I know, is dicey, if you are contracting.

Hon. Mr. Henderson: We will bring to you what we can, and we do not mind bringing to you what we are hoping to do for the colleges, what we are doing as a ministry.

Mr. McGuigan: I would like to say, while we are talking about policy, I do not believe we accomplish anything by even repeating personal attacks. I think you have to understand that farmers are disappointed by many of the things they see in this ministry, but farmers are very fair-minded people; they get along with their neighbours well and they co-operate with their neighbours and they do not go in for personal attacks.

I think it is one of the reasons that farmers and about people have not been able to get together and why we perpetuate ourselves in split opposition, because farmers just do not go along with some of those packages. They may work very well in other areas but they do not work here.

I have many misgivings myself about the ministry and some of the leadership and I lay it at the feet of the Premier and the cabinet rather than at a personality. I think we are being downgraded and an illustration of that is what happened yesterday.

Our whole thrust now is to industry and to the gods of the oil industry. Ontario now has joined the pack and we ask, for what purpose? Sure, it will Canadianize the industry, we all agree with that in a sort of motherhood way, but what are the positive real benefits that are to come to Ontario from having a 25 per cent interest in this particular oil company? Maybe when we have a 51 per cent interest in it there will be some benefits.

In the meantime there is \$650 million, most of which will go to the United States if I am not mistaken. I certainly have not dived into the ownership of the company, but I think you can make the assumption it is mostly American and that money will go to the states. Then we, in turn, have to keep our interest rates high to attract it back again to use in other industry.

It is just one more step towards maintaining high interest rates and it is money that we see flowing away from our industry. The very day this announcement was made we had an emergency debate about interest rates. The same day the nurses were marching around the Legislature here complaining about their salaries, which admittedly are too low; they have not had a contract for over a year now.

I see all these things as the fault of the Premier and the cabinet, rather than the fault of the personality who happens to be the head of the Ministry of Agriculture and Food. I do not think that would change if we changed the minister.

Hon. Mr. Henderson: Mr. Chairman, let me answer this. The major plant that this company has in Ontario is actually not in the riding I represent, but it is so close that I was at the official opening 25 years ago. About a month ago when they celebrated their twenty-fifth anniversary I was tied up in government business here in Toronto. One of my best buddies was killed in the construction of this plant 25 years ago by a piece of boilerplate that fell from the top.

I think this will be debated in the Energy estimates. They are coming shortly to this committee, or have they been here?

Mr. Chairman: We have most efficiently dealt with them already, Mr. Minister.

Hon. Mr. Henderson: They really do not, as

you know, come under my estimates. I could make comments; it is in my riding or close to it. It is a very good plant. It supplies employment for quite a number of people from Lambton, and perhaps there are a few from Grey, the riding represented by the member who has been speaking, who work there. They are good people, too.

Mr. Riddell: I think the point could be made, if I could just add a supplementary, that we seem to be able to come up with \$650 million to spend on Suncor and I can well recall going back to some of the first estimates that I attended on agriculture saying that we should, as a ministry, be doing research into alcohol production, ethanol and methanol. Go back in Hansard and check it. The old pat answer was, "We cannot use food products for the production of alcohol."

I tell you, Mr. Minister, it is coming to this. We have land that can produce crops that can be turned into the production of ethanol. We are going to have to look at alcohol as an alternative source of fuel. We can spend the money to buy Suncor but we do not seem to be able to come up with any money to look at any alternative sources of energy. I am sure that this will come in at a later—

Hon. Mr. Henderson: Something tells me I made an announcement earlier this year on grants towards the production of—

Mr. Riddell: This was the first year. Heavens, we should have been looking at this years ago.

Mr. Chairman: I think we are a little off the topic here. I said we did deal very efficiently with the Energy estimates.

Mr. Riddell: This concerns the Minister of Agriculture and Food too.

Mr. Chairman: Yes, I agree, but not under Mr. McGuigan's line of questioning.

Mr. MacDonald: There is an energy item in a later estimate.

Mr. McGuigan: I want to return to interest rates and respond to Mr. Stevenson's remarks. I think in the statement that Mr. Riddell made, and it is in the presentation I made to the task force, we are not asking to save all those farmers who made bad mistakes. They took the risk of buying cattle at a certain price, they took the risk of feed at a certain price and they accept that; that is normal, they have always taken those risks. Some people come out of it, some lose on it. I am not complaining for myself for having lost on having bought the wrong bunch

of cattle, or if I went into hogs when I should not have gone into it. That is my fault for which I must accept responsibility.

I think we have had a good basis—and it is historical, going back to as long as we have had a monetary system—to expect that interest rates would follow some sort of system. That orderly system was researched and analysed by a German economist who came up with the very simple matter of inflation rate plus interest. As you mentioned, the Farm Credit Corporation has stayed relatively close to that.

12:50 p.m.

I was one of those people who sent a telegram to the federal finance minister to keep it at the 14 per cent, hardly expecting that they would keep it right at 14 per cent, but expecting it would be a bit less than 17. I suppose the quarter per cent that we saved is probably worth millions to the farmers across Canada over the years, so maybe that little bit was of some benefit.

I think we have to justify any application that we are making to the taxpayers for an interest subsidy. We have to justify that. It seems to me we can justify it on the basis of inflation rate and a three or four per cent rent that you actually pay for the money, plus the administration costs.

I think we can justify that, and we can point out that the great benefits we have had in our society in the last 40 years in agriculture, becoming technical and becoming mechanized and so on, has enabled our farm population, the people producing agricultural products, to drop. In 1946, when I graduated from the University of Guelph—which was OAC then—26 per cent of the population of Canada was producing food. That has dropped now to the commonly quoted figure of four per cent. I think it really is a lot less than four per cent because the great bulk of that food is produced by a relatively small group within the four per cent.

There have been great benefits, because those people have been released from agriculture to work in the services and to work in industry and produce all the great things that give us the life we have. Those benefits have been passed on to society, and all Jack and I, the two of us, have been asking is to maintain those benefits, and not as Mr. Stevenson suggested, to provide money for people to go on and expand two or three times in a single year.

If we do not maintain those things and many of these good farm operators sell out or go under, it stands to reason that they are going to

sell on a depressed market. Land prices will be down in a depressed market. We have not seen it very well yet because land is not moving all that much. But in a year or so when there are forced sales and they start to build up—estates will be no longer willing to hang on to this land because it is not moving and they are paying high costs on it—it seems to me we are going to see some lower prices for farm land.

That means that that land, in my view, will move to smaller operators and it will move to labour-intensive operations, because we have this high rate that is going to continue as long as we worship the petroleum people. Those with that land, I would forecast, would move in many cases to lower capitalized operations, to hand operations, and will be moving backwards in the system of food production.

Mind you, in time we are going to have fewer and fewer people to do it, because we have a declining birthrate, we have the ageing population. As a society we simply cannot afford to reach into industry or into other aspects of our society and say, "Hey, we have to have these people back here to produce the food." It seems to me we can justify that sort of approach that we need the money to maintain the present system, not to expand it.

I agree with the minister that it is a federal matter and I hope to goodness that the things he has been discussing with the Honourable Mr. Vhelan will come about and that they will solve our problem. We will not have to be quite so concerned about it. In the meantime there are good people just tearing their hair out wondering where they are going to go, because they know that last year the net return to agriculture as an average figure over Ontario was 2.4 per cent.

How do you take a return of 2.4 per cent? And even if you are in that upper bracket where you have a return of five per cent on your money, how do you use five per cent money to pay off loans that are in the neighbourhood of 20 per cent—some even higher than that? What these people can see is that as time goes on, even though they are not desperate today, they are going to be desperate. They just cannot see any hope for the future.

I attended a meeting in Chatham. It is not so much the number of people who are bankrupt today, it is the people who are moving in that direction, as long as we are to spend so much money on oil. The federal people talk about by the end of this century we will need \$300 billion. We cannot even appreciate what \$1 billion is.

Hon. Mr. Henderson: Mr. McGuigan, would you help me? You attended the meeting in Chatham. I have a report here on it. Would you agree that the concern of the people is that their costs have gone up? Their energy cost is up, their interest is up, everything is up. They are good, efficient farmers. The problem is, and you witness it right now, soybeans are down a buck and a half a bushel, corn is down a dollar a bushel—we could go back into the beef and hog production of a year ago.

Is it the two-way squeeze that is really hitting?

Mr. McGuigan: Of course everyone has his own analysis but I would say from listening to the people that they accept the fluctuations in the market. You know, there are times when we get damned good prices for our agricultural products and walk away with maybe more than we deserve, so we do not complain about that. When we have a bad year such as this with lower prices, I think as a farmer I am willing to accept that. That is a swing in the market. I made money one year on a good market so I lost on the next year. I do not hear them complaining about that.

Mind you, an overall rumble is there. We always complain when it is raining or when the prices are low. We would not be farmers if we were not complaining about those types of things. But the real issue that is bothering people is the interest rate, because they see that as permanent and they see that as a switch in policy. We have always had bad weather. We have always had fluctuations in prices. But we have been able to count generally on the interest rate.

Also, you will find farmers continually talking about the plight of the young farmer. They were doing it at this meeting too. Very few older farmers want to stand up in a public place and say: "Hey, look, I am in trouble. I am the next one," so they use the euphemism of talking about the young farmer.

In many cases, sure it was the young farmer who was the cause of the event, but the father went on an expansion program because the young farmer was coming home from college and he went into debt because of that young farmer. But when they go down they both go down.

The young fellow has the opportunity to go out and get a job and start his life over again. Sure he has had a hard knock, but he can start his life over again. But when the older farmer goes down with him, what happens to him? And they are worried.

They also look to Ontario, because they realize that Canada is a huge country. I have not been out west for a year, but I doubt if many of those western grain growers are really bothered very much with the high interest rate. They can market all the grain they grow. They are not on quotas now. They are getting pretty good prices. In spite of the things they complain about the grain is moving; even in spite of strikes the grain is still moving. I do not think they are hollering too much. It is here in Ontario that we have the problem, and in the Maritimes too.

But we look to Ontario to take some leadership and provide some direction and provide some hope of where the hell we are going. I know if I was sitting in your place I certainly would not welcome that expectation because it is a federal matter. But you are there and you have to deal with it. I think you really have to come out and do something for the solid fellow who, through no fault of his own, got caught in this big switch in interest rates.

I reiterate, it is not just the person who has made some bad moves. It is the people who have made the good moves, the people who have been responsible for providing the good life that we enjoy here in Canada, the second or third

highest standard in the world. These people feel let down and they feel hurt that they took these moves that were recommended to us by so many people. Suddenly in the middle of the stream, we have switched horses.

I have probably said enough about the interest rate problem. I would like to respond to the matter of labour.

Mr. Chairman: It is one o'clock. Could we carry on tomorrow?

Hon. Mr. Henderson: Mr. Chairman, tomorrow night we will try and have a complete list at the opening of the bill and we will debate that as we wish.

Mr. Chairman: Mr. Wildman has had his hand up. I should inform you—

Mr. Wildman: I cannot be here tomorrow night—

Mr. Chairman: You cannot be here tomorrow night.

Mr. Wildman: —I will have to raise it next week during the other estimate.

Mr. Chairman: Okay. We will adjourn until tomorrow.

The committee adjourned at 1:01 p.m.

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Ontario

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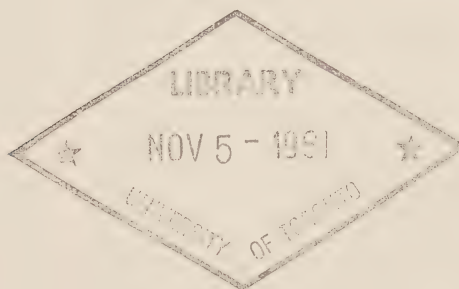
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Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development

Estimates, Ministry of Agriculture and Food



First Session, Thirty-Second Parliament

Thursday, October 15, 1981

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, October 15, 1981

The committee met at 8:06 p.m. in room 0. 228.

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD

(continued)

The Acting Chairman (Mr. J. M. Johnson): Members of the committee, I am filling in for the chairman tonight with your kind indulgence. It is my understanding that Mr. McGuigan will depart and then Mr. Wildman will carry on. I have no other speakers listed, but I understand the minister would then like to respond.

On vote 1901, ministry administration program; item 1, main office:

Hon. Mr. Henderson: First, Mr. Chairman, I have a four-page statement here I would like to put on the record with respect to the Board of Industrial Leadership and Development program.

Mr. MacDonald: Could we have copies of it so we can read it while you read it?

Hon. Mr. Henderson: I have not read it myself. I know what you are saying but I have not got them here. My staff did have them.

Mr. MacDonald: With a \$2 million PR staff you have got to have somebody who has them.

Hon. Mr. Henderson: Once I put it on the record, I will give it to you. It is only four pages long.

Mr. MacDonald: Mr. Chairman, I have no objection. In fact, I think it would be a good idea to have had that since the whole BILD program is part of what we are discussing. There are a couple of other policy issues, and since we are dealing with policy in the main office I would like to discuss them before we move on serializing the estimates.

The Acting Chairman: Mr. MacDonald, would you like the minister to continue now?

Mr. MacDonald: Oh, yes. We should have that.

Hon. Mr. Henderson: Mr. Chairman, the honourable member for York South (Mr. MacDonald) asked during our session on Wednesday morning that I provide this committee with a status report on Ministry of Agriculture and Food programs under BILD. I am now happy to do so.

As indicated in the ministry's estimates presentation, BILD has approved a total of seven Agriculture and Food initiatives. Three of these initiatives are being totally funded by BILD. These are: the food processing program, five-year allocation \$20 million, 1981-81 anticipated cash flow \$15 million—you note we say anticipated as that is what we are hoping for—the storage and packing assistance program, \$20 million, current year 1981-82 \$6 million; and the whey processing program, \$15 million, current year \$2 million.

The Ministry of Agriculture and Food will fund, by reordering its internal priorities, three additional BILD initiatives. These are: the asparagus production incentive program, five-year requirement \$1.5 million, 1981-82 anticipated cash flow \$300,000; the tender fruit for processing tree planting assistance program, \$1.5 million, this year \$200,000; and the cream producers' assistance program, \$1.5 million, this year \$500,000.

The seventh initiative is the farmers' market expansion at the Ontario Food Terminal. BILD is funding \$2 million and the Ontario Food Terminal Board is funding \$1 million of this project.

In the next week or two we will be taking forward to BILD a request for funds towards providing specialized educational laboratories and farm equipment in our agricultural colleges. The ministry requires over the next four years an additional \$3.5 million to effectively equip our colleges. We will be requesting \$2.5 million from BILD. The ministry will adjust its internal budget priorities to come up with the remaining \$1 million.

The honourable members will see that these BILD and ministry-funded initiatives total close to \$65 million. There is both a strong response by clients and an active follow-up on the part of the ministry. I want it clearly recognized that BILD does not dilute the importance of agriculture in the Ontario government, as Mr. McGuigan suggested. It is actually expanding the importance of agriculture. It is involving more ministers and more cabinet recognition of the need for additional funds for the agriculture and food sector. As I have already said, I attend all BILD

meetings when agricultural items are being considered. I am not on the committee. They meet at eight o'clock on Wednesday mornings and when there is an agricultural project I am there.

I want to elaborate a bit on the food processing and storage programs. Our food processing industry in this province needs to expand and modernize to remain competitive and healthy. We want to encourage the necessary capital expansion that is required. We want to see that our food processing industry is capable of meeting the challenges that lie ahead. The major challenges are imported products and changing consumer tastes. For all our producers, we want to ensure that there are new opportunities and wider market outlets for their produce.

This is why BILD has already approved in this fiscal year a total of \$8.4 million to be spent on food processing projects. I have announced grants to Southland Canning in Wheatley for tomato paste expansion and to the Canada Packers canola plant in Hamilton. We are now finalizing legal agreements with seven other companies. The response from processors to this program is very encouraging. I am confident that we will be able to get more funds from BILD after the \$20 million is spent.

I referred a moment ago to imported products. We are all concerned about our dependence on imported produce during our off-growing season. The fruit and vegetable storage program will assist producers in expanding and modernizing their storage facilities. This will enable producers to extend the marketing period for Ontario-grown produce.

We have already received over 100 applications for assistance under this program. My deputy and I are meeting tomorrow morning with a number of producers whose applications for assistance I will be approving. I will be announcing these projects next week.

I have a little scale here which is self-explanatory. You can all look at it. I will not read that into the record. I just want to add that when a BILD project is approved we do not announce it until the agreements are signed all the way. It sometimes takes two to three months. You people can understand that.

Mr. MacDonald: If there was an election coming you would announce them before the agreements.

Hon. Mr. Henderson: No. With all due respect, I had three or four pretty good projects I could have announced during the election, but they were not tied down.

Mr. Wildman: That did not stop your colleagues in the north from announcing the King Mountain project.

Hon. Mr. Henderson: The canola agreement was in my hands for a good three months before we announced it. It was signed about 10 days to two weeks ahead of time. In fact, I had planned—I think it was on August 24—to go to New Liskeard. The Southern Crop Improvement Association was meeting in New Liskeard that day, and I felt I had the northern clearance and drainage agreement far enough on. Many of you who follow it would find that the actual date of announcement was about a month after. We had done nothing in between. It took a set time to straighten out the wrinkles between Ottawa and ourselves. I told the president of the Southern Crop Improvement Association I thought I would be able to go there on August 24. So that is how long it takes us to tie these things down.

Mr. Chairman, I know Mr. McGuigan has questions. If they want to question me after that on BILD, you should go back and give them that opportunity.

The Acting Chairman: Thank you, Mr. Minister. I have a list of speakers: Mr. McGuigan, Mr. Wildman, Mr. Laughren and Mr. Riddell.

Mr. McGuigan: Mr. Chairman, I take it we will go back and talk about BILD.

The Acting Chairman: You are on, Mr. McGuigan.

Mr. McGuigan: But is it for certain we will have that opportunity?

The Acting Chairman: Start wherever you want.

Mr. McGuigan: All right. I might as well start with BILD then. Mr. Minister, you mentioned that you sit on the BILD board whenever an agricultural matter is discussed. Would you just run through again who is on the BILD board—the people?

Hon. Mr. Henderson: Frank Miller is chairman. Larry Grossman is vice-chairman and Alan Pope, Russ Ramsay, Leo Bernier and Bette Stephenson are on it. You sure asked me a question. I never paid that much attention any time I was there. I will be honest with you. There are 20 people in the room with staff and everybody.

Mr. Riddell: Carry on. There is not too much hope for agriculture yet from what we have seen.

Mr. McGuigan: That is a point I am coming to.

Mr. MacDonald: I warned you not to be personal.

Mr. McGuigan: I am not going to be personal. I am saying that the Minister of Agriculture and Food represents an industry that employs somewhere in the neighbourhood of 20 per cent of the population of Ontario. It is one of the basic industries, and if we believe all the prophets of doom, they say we are losing our industry—and sadly I kind of think perhaps they are right. We may, however, come back to the point that agriculture is again looked upon with greater favour than it is at the moment because it is one of the things we can do in Ontario. We have the know-how. Our climate is not the best in the world, but perhaps we could learn how to use it to best advantage.

I just want to register my objection to the fact that the minister is not a permanent member of that board. I certainly appreciate the fact, and I am glad to hear him say so, that he goes whenever there is an agricultural matter. But in view of the importance of agriculture in Ontario, the Minister of Agriculture and Food, no matter who he is, should be a member of that board. It just reinforces what Mr. MacDonald has said and what we are also saying here, namely, that agriculture is not receiving the importance it deserves in this province.

I want to mention another point about BILD. You mentioned asparagus, and certainly that is one of the opportunities. I am very glad to see them going forward with it, but I have a concern which really stems from watching Bob Kerr at Latham. You are pretty familiar with Lawrence and Bob Kerr's operation. They have been growing about 200 acres of asparagus over the past number of years. They have probably the best soil or one of the best pieces of soil in Canada because they have been great people to look after the soil. They feed about 1,000 head of cattle at all times during the course of a year.

Hon. Mr. Henderson: Remember when they used to have 14 big forks hanging up in the barn?

Mr. McGuigan: That is right. Lawrence still has them. Every day he is still out there. He has been retired for 11 years. They got into this thing in a big way. They started off with fairly good yields, but they are coming to the point of giving it out because they are down to yields

of something like a little over a ton an acre. One of Bob's conclusions was that we really do not yet have the varieties here designed for Ontario conditions. The asparagus varieties we are using are largely American varieties. Bob has a concern that they are not the right varieties. I wonder if we are not going into this program pretty quickly without having the proper varieties.

Hon. Mr. Henderson: Just to answer you on that, Dr. Rennie tells me that he has recently—how recently?

Dr. Rennie: A month or two months ago.

Hon. Mr. Henderson: This year?

Dr. Rennie: This year.

Hon. Mr. Henderson: He has recently awarded a contract to Guelph for additional research in asparagus.

Mr. McGuigan: What about these people who have gone into it in the last year? Have they really got the proper varieties?

Hon. Mr. Henderson: We think so. I cannot argue with you here. The asparagus people themselves approached me a year and a half ago. This program that we have really gone into with asparagus came about as a result of the asparagus people coming to me and asking me for a program of this nature. Actually, we put the program together the way they wanted. They really did it. They left me with the impression that we had the necessary varieties. They were the growers themselves. This was not one, I would have to admit, we put together.

8:20 p.m.

Mr. McGuigan: I raise the red flag because I hate to see these people respond to the program, go into it and then find we do not have the right variety. That would give the whole thing a bad name.

Hon. Mr. Henderson: We were very concerned about this. As you know, at that time they pointed out to me—I only have figures of a year and a half ago—that some 10 years ago 70 per cent of the asparagus they were growing was being canned and 30 per cent was going on the fresh market. That was reversed during those 10 years; 70 per cent was going on the fresh market at \$1 a pound and 30 per cent was going into canned at 70 cents a pound. It has been reversed.

Of course, a real surprise—Mr. McKessock was here a while ago—occurred for me a year

ago when I was at the apple festival in his area and they took me out to 15 acres of asparagus up there.

Mr. McGuigan: Smart Brothers years ago had a great acreage.

Hon. Mr. Henderson: I forget the name of the farm.

Mr. McGuigan: They were the canning company.

Hon. Mr. Henderson: No. This all went on their roadside sales up in Meaford. The farmer had a roadside sale and the whole 15 acres went in the fresh market. I just wanted to mention that at this moment.

Mr. McGuigan: There was quite an industry there. I think the centre of it was Smart Brothers who had a canning factory in Collingwood.

Hon. Mr. Henderson: This was not Smart. As I say, it was an individual farmer.

Mr. McGuigan: But it proves it can be grown there.

Hon. Mr. Henderson: Yes. It was beautiful land and they had an apple orchard and everything.

Mr. McGuigan: Passing on to another policy, it is a concern—perhaps my friend Jack Riddell here would say a philosophical concern—in the respect that since the change in fuel prices, which really came about following 1973, the Arab-Israeli war, we no longer have cheap fuel and that has forced changes upon our industry. We are beginning to see some of those changes, such as people keeping their cars for another two years and driving their cars less. The US car industry has dropped from about 11 million units a year down to seven or eight million units—those are pretty close figures.

Hon. Mr. Henderson: I do not know. I read something in the paper.

Mr. McGuigan: That is pretty close. It has brought about mass unemployment in the auto industry. I just use this as an illustration of changes that have taken place since 1973. I would suggest that these same changes are starting to show themselves in agriculture.

Are we doing any planning, any forward looking, any grouping of people who would look at agriculture and say, "Where are we going in the next 10, 15 or 20 years?" I ask that not on the basis of whether it is a family farm or whether it is a corporate farm, but on the basis of the type of culture and the things we will be doing and what will be required in the next 20 years.

This whole business of specializing, of going

to a large acreage of grain in one part of the country and then having large feedlots in another part of the country, where one transported the feed from one area to the other and all the manure stayed in the feedlot area and none of it ever came back, was all based on cheap energy. That energy component, of course, goes into the fertilizer; it goes into the pesticides, transportation and everything concerned.

When we look at the price of gasoline we face in 1985, \$3.75 a gallon, a lot of that is going to hit the farmer, even though he does not pay the tax on it. He is still going to be paying a higher basic price for his fuel, his vehicles and the tires on them. Everything he uses is going to cost much much more.

It brings up the prospect that we may have to change the type of agriculture we have here in Ontario and step back a little bit more to that integrated system of perhaps a 300- or 400-acre farm with some cattle, some cash crops, some specialty crops, versus the specialized system we have today.

We can think, too, that with the high cost of energy we face in the future we will be substituting hand labour for some of the machine jobs we do today. We have been very, very wasteful of fuel. I will give you just one example. In my own business we mow our orchards. We used to use a hay mower with about a seven-foot cutter bar on it. We pulled that with an 18-horsepower tractor, an International. We ran it at about half throttle and it cut the grass. There was a lot of trouble with the cutter bar. You were always knocking off sections when you hit a stone or something, so you could only go two or three hours before you would have to stop and repair the thing.

We got rid of that and went to rotary cutters, which act something like the push lawnmower, a big knife goes around. You need 60 or 70 horsepower, and you need all of it, to run that thing, and it breaks down too. I went that route thinking I was going to get rid of all this problem of the mower breaking down and now I have a problem with the big machine breaking down.

Mr. Nixon: The shear pins.

Mr. McGuigan: It is lucky if the shear pins break. Usually it is the transmission that breaks on the damned thing.

Mr. Riddell: You try to knock down some of your old peach trees too.

Mr. McGuigan: That is right. Once in a while you hit a stump.

Hon. Mr. Henderson: The effects of the night before or something?

Mr. McGuigan: Not with Jim. I will tell you a little incident. A knife flew off one, and I did not find that knife until eight or 10 years later when we took out the orchard and ploughed it up. I think that thing went three feet into the ground. I looked and looked and looked. From the speed of its travel, the weight of it and its sharpness, I think it went three feet in the ground.

At any rate, the point I am making is that we are going to have to look at some of those things and maybe go back to that old hay mower for cutting the grass. I just use that as an illustration of what replacing in agriculture we could be doing, but nobody is giving much thought to it. I do not think we are. We send a lot of our professors down to California and they come back and say, "That is the only way to farm—great big ranch systems such as they have in California."

We do not have those same conditions here in Ontario. We have variable weather. You are certainly going to know about that before this year is over when they start filing their crop insurance claims, especially in my end of the country. We have a different weather system. Our summer is relatively short and sharp; the crops come on quickly and off quickly. We just do not have that Californian weather system, and I believe we have tailored too much of our whole agricultural system to the ways in which they do it in other countries.

I would suggest that the time is ripe for your ministry to put together a task force and look at where the heck we are going here in Ontario, not only in relation to the things I have been talking about within farming, but also in relation to industry here in Ontario—at what land is going to be reserved for farming and what is going to be used for industry.

You brought up the instance of the three billion acres that are possible for canola. I think that would be part of a study that would need to be done.

As Mr. MacDonald said, we just do not seem to do things here in agriculture until we have a crisis on our hands. Then we come along with some ad hoc program to pay producers for this or that to get them over their problem. We need a little more forward planning, admitting, of course, that it does not always come out as the planners say it should. Nevertheless, just the act of doing the work, putting some thought to it, does make farmers and business people have a few thoughts. We should look down the road to where we are going, I suggest to you.

Hon. Mr. Henderson: Could I interfere, Mr. Chairman, just for a minute? Mr. McGuigan has brought up a pretty important point, that we do come up with a temporary solution. I presume you are thinking about beef stabilization. It always concerns me when government starts to subsidize something. Whether it be livestock or whether it be in the industry or what, if there is government subsidy there, people are never going to get to the point where they are producing at a profit.

It worries me that we depend on subsidy for production, and I am sure it must worry you too. I guess that is the reason that we have these emergency situations. We would sooner get the money out of the marketplace.

8:30 p.m.

There is another note here that I want to put in. There are across Ontario 32 test locations of winter strains of canola this year. The winter canola has yielded between 50 and 60 bushels per acre; the spring canola between 35 and 40 bushels per acre. Those are the test results we have had.

I am sorry to have interfered with your remarks, Mr. McGuigan.

Mr. MacDonald: I want to interject concerning the matter the minister has raised. May I suggest very kindly, Mr. Minister, that you are really penalizing agriculture by that out-of-fashion idea?

Hon. Mr. Henderson: No, I am not; no way.

Mr. MacDonald: Just listen to me for a moment. Industry in this country has been subsidized by a tariff that permitted it to build, and somebody calculated 10 or 15 or 20 years ago that that tariff amounts to \$2.5 million out of consumers' pockets to be able to maintain industry.

All you have to do is take a look, whether it is the mining industry, whether it is Inco or whether it is the forest industry. They are getting subsidies all the time.

Mr. Wildman: Or farm machinery.

Mr. MacDonald: The problem with agriculture, including yourself, is that you sing the free enterprise song all the way to the graveyard. Just like the beef producers today, they are going to sing the free enterprise song with the greatest of vigour as they plough themselves further and further into the ground.

Mr. Nixon: No, they are not singing it quite so heartily.

Hon. Mr. Henderson: You can talk that way because you have never been on a farm; you have never operated a farm; you do not know what the farmer goes through. He is proud of the fact that he is able to take his own produce to the market and sell it.

Mr. MacDonald: He is not taking his own produce to the market; he is setting up marketing boards which are getting in there and getting control of the market and winning control away from the packers and others. As long as you, on behalf of the farmers, say, "I don't want assistance here and I don't want assistance there," you are penalizing agriculture.

Hon. Mr. Henderson: No, I am not.

Mr. MacDonald: I acknowledge it is a problem with farmers. Farmers will spend half their time saying, "I'm a free enterpriser," and half their time asking the government to do more. They had better clear their thinking, but you might give them some leadership in clearing their thinking.

Interjection: No, that is not right.

Hon. Mr. Henderson: I know the feeling of the farmer and I would suggest that you have to be—

Mr. MacDonald: Read that editorial of Ralph Barrie's about so-called free enterprise that I put on the record yesterday.

Mr. McGuigan: That argument is so hard to settle. There is no end to it. I do not balk at taking money from the government when it comes my way.

Interjections.

Mr. Nixon: You are a free enterpriser—but.

Mr. McGuigan: I heard a farmer at one of the task force meetings say he had sent back his cattle cheque.

Hon. Mr. Henderson: He did not need it?

Mr. McGuigan: He did not agree with it, and I suppose he did not need it either.

Mr. Nixon: A beef cheque?

Hon. Mr. Henderson: There are a few of them; let us not kid ourselves.

Mr. Wildman: Not many today.

Mr. McGuigan: I have one more item on marketing in that planning thing I suggested to you. You mentioned that you are spending \$2.5 million on the farmers' market at the food terminal?

Hon. Mr. Henderson: Two million dollars, and they are putting one million in of their own. I said: "The seventh initiative is the farmers'

market expansion at the Ontario Food Terminal. BILD is funding \$2 million and the Ontario Food Terminal Board is funding \$1 million of this project." So it is \$3 million.

Mr. McGuigan: That brings up a question of where people are going in roadside marketing—suppose you can talk of it as marketing too, but it does come under the bill. With the higher cost of energy and less driving, one might expect that there would be fewer people driving out into the country and going to roadside markets which, as you know, are a big item.

There is one way around this, and I mentioned this a year ago and in the last couple of years. I believe there are opportunities to go back to farmers' markets—not in every little town, but in an experimental way in one place or another—and provide facilities for farmers' markets. It might be part of a study to see whether or not that is perhaps a way of the future.

We do not seem to be able to do anything about the chain stores. We have been fighting them for years and years and have had study after study, almost to the point where we can give up. But at least it would give them some small measure of competition to allow those people who enjoy going to a farmers' market to go there. There are some successful farmers' markets in Ontario, the one here in Toronto being, I guess, the most noticeable one.

Mr. Riddell: There is one in Kitchener.

Mr. McGuigan: There is one in Kitchener and there is one in Ottawa. London is quite successful and there is one in Hamilton that is very successful. They are pretty damned antiquated facilities really.

Hon. Mr. Henderson: You understand, though the food terminal is where the small business man goes and purchases. I was out there one day last summer, and a man from your riding was the first man I ran into in the market. He was there with a full truckload that morning. He told me he got in at 5 o'clock and he was going to be through at 10.

Mr. McGuigan: But there is a retail section also.

Hon. Mr. Henderson: Yes, but it is not the ordinary customer from Toronto that goes there. It is the owners of small stores from Toronto who go out there in the morning and

pick up their day's supplies. Have you been there at 6 o'clock in the morning? It is really worth your while.

Mr. McGuigan: I have been there at 2 o'clock.

Hon. Mr. Henderson: Yes, with a load of peaches.

Mr. Laughren: On the way home.

Mr. Riddell: Following Mr. McGuigan's philosophy, should one get back into breeding draught horses?

Interjections.

Hon. Mr. Henderson: I was talking to a man last week out in the Kitchener area who told me he is making more money on horses now than he has ever made. I think he had 10 percherons.

Mr. McGuigan: Do you know what a team of horses costs?

Hon. Mr. Henderson: Yes.

Mr. McGuigan: From \$12,000 to \$15,000.

Mr. Riddell: I think I will switch my operation.

Hon. Mr. Henderson: Mr. Riddell is too young to remember that.

Interjections.

Mr. Riddell: I used to show colts at the 4-H fairs.

Mr. McGuigan: He doesn't know what a crupper strap is.

Interjections.

The Acting Chairman: Are you two fellows through?

Interjections.

Mr. McGuigan: Mr. Chairman, are you not going to tell him what a crupper strap is?

The Acting Chairman: Mr. Wildman.

Mr. Wildman: I shall try to be serious.

I was interested in the minister's comments about his prudent and cautious approach to announcements under the BILD program, and I was wondering if he might prevail upon his colleague the Provincial Secretary for Resources Development (Mr. Ramsay) to follow the same prudent line. I found that during a recent election campaign in the spring he had apparently no objection to announcing a project in riding which apparently was not finalized at all, much less having—

Interjections.

Hon. Mr. Henderson: Pretty near did too.

Mr. Wildman: No. I am afraid we increased

the vote at the expense of the Tory candidate by gaining about five per cent of what he had had before.

At any rate, I noticed that one of the things you read out in your comments on BILD was the seventh initiative, the farmers' market expansion at the Ontario Food Terminal, \$2 million, on which the Ontario Food Terminal Board is spending \$1 million. I note that although the minister is not a permanent member of the BILD committee, but sits in on agricultural initiatives, his colleague the Minister of Natural Resources (Mr. Pope) is a full-time member of that committee. I am interested that the expansion under farmers' marketing does not include anything for Timmins. There is no mention of a food terminal for Timmins.

Mr. Nixon: That was promised in the previous election.

Mr. Wildman: That is right. They did not have BILD then.

Mr. MacDonald: St. Joe's bridge was promised for 30 years before they built it.

Hon. Mr. Henderson: It was there. I drove over it. I went up there at election time.

Mr. Laughren: I have been over it since you were over it.

Mr. MacDonald: Twenty-six years of broken promises and four years of fulfilment.

8:40 p.m.

Mr. Wildman: It is a nice bridge, but it does not really have a lot to do with the agricultural estimates.

Hon. Mr. Henderson: They make maple syrup over on the island.

Mr. Wildman: I want to talk a little bit about that, but first I would like to comment on and ask some questions regarding the minister's remarks about marketing and the beef producers. I was in attendance at the recent thirty-second annual Algoma co-operative cattle sale just last month. The parliamentary assistant is familiar with that sale as he was up there a year or two ago. Unfortunately, the prices this year were not nearly as good as they were last year and they were not as good last year as they had been the previous year.

I would like to get the minister's comment on the prices they received. There was a high of 76 cents a pound; that was the top price for quality beef, quality steers. The top price for heifers, I think, was 68 cents a pound.

Hon. Mr. Henderson: I can help you. The average price of steers and heifers in Ontario this fall is 71 cents.

Mr. Wildman: That may help me but it sure does not help the cattle producers.

Hon. Mr. Henderson: That is the average price in Ontario.

Mr. Riddell: You are not taking into consideration he has got to feed those cattle.

Mr. Wildman: Exactly. I wanted to get to that. The reason for those low prices largely was the fact—and the beef producers understand—that the buyers, the fellows who are going to be feeding those cattle, are facing double the cost of feed in some cases this year and tremendously high interest rates, so they are not prepared to pay a high price, not nearly the price we were talking about a couple of years ago of 90 cents a pound, or in that range, for calves. They are not about to pay those kinds of prices and they cannot be expected to.

Hon. Mr. Henderson: It is not double the price of feed now. The price of feed is down considerably. Mr. McGuigan would tell you that corn is—

Mr. Wildman: I was listening to Mr. Stevenson who was speaking the other day. He was commenting on that and saying he was discounting the interest rates and pointing out the increase in the feed as one of the reasons for it.

Hon. Mr. Henderson: A year ago, but not this year.

Mr. Wildman: I do not want to get into that kind of argument. The only thing I would like to comment on is that Glenn Tulloch, who is a well-known beef producer—he is on the cattlemen's association as director for Algoma—pointed out that the prices are quite disappointing. Ernie Inch, who is a well-known producer in the area, the secretary of the sale, made a comment to which I would like to get the minister's reaction. He said, "How can we carry on in the beef industry when it costs \$450 to keep a cow a year and we get only \$300 for that cow's offspring?" In that kind of situation it is impossible for a cow-calf producer to continue to operate.

As I say, I am recognizing the problems that the buyers who are going to be feeding those cattle are facing. One of the buyers, as a matter of fact, was commiserating with the cow-calf producers and he made the statement to a reporter that in a few years' time, if prices

continue, people will be lining up as they are in Poland to buy a pound of beef. There will not be many producers left.

Mr. McKessock: I heard on the radio last night that the reason they are lining up in Poland is that farmers are not getting enough money and it will be the same thing here.

Mr. Wildman: Yes, that is exactly the point. I am not trying to be facetious. I think there is a very serious problem for the producers in my area and other parts of Ontario. It is fine to say farmers are proud to maintain and live by the market system, but when they live by the market system and lose at least \$150 an animal over a year's time they cannot continue in operation very much longer.

Hon. Mr. Henderson: What sale were you mentioning?

Mr. Wildman: The Thessalon sale.

Hon. Mr. Henderson: That is in the Algoma district.

Mr. Wildman: Yes, that is right.

Hon. Mr. Henderson: I do not see an application here for Algoma for—

Mr. Nixon: Maybe they had an illegal sale.

Mr. Wildman: It was a legal sale.

Hon. Mr. Henderson: I do not see any applications for the beef stabilization program at all from Algoma. That is all I wanted to say.

Mr. Wildman: You will find, Mr. Minister, that an awful lot of producers are just no longer producers. Even Ernie Inch, who has been a well-known producer for years, is now a part-time farmer. The fact is that there are not too many of them staying in the business and maybe they should not be. Maybe you should argue, according to the market system, that there are too many producers out there and it needs to be cut down and—

Mr. Laughren: That is what the minister was saying a few minutes ago.

Mr. Wildman: —that they have to go out of business and maybe that will stabilize matters. Anyway, it is not too healthy for the rural community in my area. A lot of the beef from the north, as a matter of fact, went to Quebec from the northern sales this year.

Mr. McKessock: From the Wiarton sale too.

Mr. Wildman: Yes, that is right. I suppose one of the reasons may be that in Quebec initiatives are being taken by the government to assist the farm community with interest rates and that makes it very difficult for an Ontario producer

to compete. I know all of the arguments the minister has used in terms of competition and federal bashing, where he says that the federal government is not providing as much per farmer in Ontario as in Quebec.

I do not really think it would pay us to go over those arguments but I just wanted to lay out the reaction of some farmers. Glenn Tulloch, frankly and probably philosophically, agrees with you about marketing and the beef industry. He certainly has said to me a number of times, and he has said publicly, that he is opposed to any kind of movement, such as the one that is now under way, in terms of supply management in the beef industry. That is his position.

Hon. Mr. Henderson: It is a pretty split decision up there. At a meeting last year there were 90 who wanted supply management and 10 who did not.

Mr. Wildman: That is just something I wanted to lay out before you and to really raise some concern about. Maybe, as Jack Riddell said, we cannot expect to continue at 90 cents a pound beef, or in the range of \$1 a pound as it was two or three years ago, keeping in mind that there was an increase in price after a number of years of very serious low prices. But we seem to continue to accept the cyclical attitude and so on. Sure, you bring in the cow-calf relief program, but it does not seem to be helping in terms of resolving the problem for the producers in our area at least.

I want to raise a couple of other policy issues in relation to your ministry and how they relate to some other ministry. One you touched on in passing in your comments the other day was the farm tax rebate and trying to determine who actually is a full-time farmer and should qualify for the farm tax rebate, whether it should remain at the \$8,000 it is now or be raised to somewhere higher, maybe \$15,000 or whatever. I want to point out that in my area, other than the dairy producers—and there are fewer and fewer of them in my area—there are very few full-time beef producers. I do not think there are any—maybe a couple. The rest are people who work off the farm. At any rate, the question of determining what the income level of a farmer should be to make him eligible for the rebate is the question. But there appears to be another problem in that on some of the other types of farms the assessment division of the Ministry of Revenue is coming in and questioning whether or not a farm should be called a farm or whether it should be called some kind of commercial operation and should be assessed as a commercial property.

Since you mentioned St. Joseph Island and the maple syrup producers, they are one group that has been hit hard by this. The assessment branch has informed a number of the maple syrup producers that their properties no longer will be assessed as farms. Rather, they will be assessed as commercial operations. I understand there is a case before the courts in eastern Ontario on this issue. Maybe you cannot comment on it.

8:50 p.m.

Hon. Mr. Henderson: You are bringing up something I was not aware of. As far as I am concerned, a maple syrup operation is an agricultural operation.

Mr. Wildman: I understand there is a case before the courts in eastern Ontario. Dennis Nolet, I think, has a case before the courts on this very issue.

Hon. Mr. Henderson: We are not aware of it. We will check it out. Do you know in what part of eastern Ontario?

Mr. Wildman: No. I was just told about it.

Hon. Mr. Henderson: Maybe there is a misunderstanding. This year the farm tax rebate is based on \$5,000.

Mr. Wildman: The income level is one issue. This other issue, in terms of the syrup producers at least, is that the assessment division is informing them that they are commercial operations and they are going to be assessed that way. This means the properties would not be taxed as farms and they would not be eligible for farm tax rebates.

Hon. Mr. Henderson: If you could get us the names, we will gladly look into it because we support what you are saying. It is an agricultural operation.

Mr. Wildman: I know of one producer on St. Joseph Island who was reassessed this year. Another one has been informed that the assessors are coming in to reassess his property.

Hon. Mr. Henderson: Morris tells me that the one you are talking about is east of Bancroft. It is a very large operation, not a one-farmer operation.

Mr. Wildman: I was not aware of what it was.

Hon. Mr. Henderson: He says it is not a one-farmer operation; it is really a commercial company that has a large tract of land.

Mr. Wildman: He has a case before the courts, as I understand it.

Hon. Mr. Henderson: Yes. Morris has just told me that.

Mr. Wildman: The producers I am talking about, other than the former member for the area, are mostly small operators.

Hon. Mr. Henderson: I support your feeling. This one is apparently outsiders' money doing a commercial operation. I do not know any more than that. We can get you a report if it is your wish.

Mr. Wildman: Okay. I want to follow this up in relation to the federal government and Revenue Canada in the income tax branch. Maybe you can help me with this. They apparently have three different categories for farmers. They have what they call a full-time farmer, a hobby farmer and another one—I am not sure what they call it—somewhere between a hobby farmer and a full-time farmer.

Hon. Mr. Henderson: Let me try to help you with my meagre knowledge of it as a full-time farmer—and there are people sitting around here who are in the same position as I am. You file an income tax form, but if you are working off the farm with an income, you cannot expend the money you earn off the farm on the farm and expect to get the benefit of it. You must pay the income tax on that.

Mr. MacDonald: If the majority of your income is nonfarm, are you not a part-time farmer?

Hon. Mr. Henderson: Not as I understand it.

Mr. Wildman: Not necessarily.

Hon. Mr. Henderson: Perhaps some of the other members can help me. As I understand it, if I am a farmer with a \$20,000 income with a net income of \$5,000 and if I work off the farm and get an income of \$10,000, I am taxed on the \$5,000. But let us say that I have a loss of \$5,000 on the farm.

Mr. Wildman: That is what I wanted to get to.

Hon. Mr. Henderson: I cannot charge that loss against my job as I understand it.

Mr. McGuigan: You are right.

Mr. Wildman: I am not debating that. You do not necessarily have to answer me here, but I would like to find out—

The Acting Chairman: There are too many conversations. If you wish to carry on a private conversation, would you go out in the hall? Carry on, Mr. Wildman.

Mr. Riddell: Well done.

Mr. Wildman: What is the difference between a hobby farmer and a part-time farmer under

their categories? Can a part-time farmer—whatever that is in their designation—claim farm losses against his income tax?

Hon. Mr. Henderson: He cannot for the income off the farm as I understand it, but this is federal.

Mr. McGuigan: May I make an interjection here?

Hon. Mr. Henderson: Yes. Maybe it will be helpful to us.

Mr. McGuigan: It is not where the money comes from or whether you operate that farm with a reasonable expectation of a profit. If you are running it for a profit, you can apply losses from the farm against your off-farm income.

Mr. Wildman: That is the problem I have got. I am getting different information. Some people say that it is the amount of money you make off the farm as opposed to what you make on the farm. Others have told me, as Mr. McGuigan has just said, it is whether your farming operation in itself is a potential money-maker or profit-maker.

Hon. Mr. Henderson: Back a number of years ago, I saw one case where the individual, the third year off the farm, was unable to charge anything. You might be right that in the first two years of farming they can.

Mr. McKessock: Only your accountant knows.

Hon. Mr. Henderson: Yes. It is a difficult one. It is not a provincial ruling; it is a federal ruling.

Mr. Wildman: I was going to raise a question about part-time farmers, but my colleague the member for York South (Mr. MacDonald) talked about the need for assistance to them. I understand that prior to the election there was some talk in the ministry by the minister about assistance to those individuals. I am interested in whatever your plans are to assist the part-time farmer to move, if possible, to a more full-time operation.

The other thing I want to ask is what programs are you proposing—something along the lines that Mr. McGuigan was talking about—for innovations in energy consumption on the farm? What assistance, if any, or encouragement is being proposed for energy conservation, and how does that relate to the federal government's programs in the same area? For instance, I understand that one well-known

rup producer on St. Joseph Island received a grant of 30 to 40 per cent of the cost of a \$20,000 reverse osmosis machine.

Mr. Nixon: Reverse osmosis machinery is to pump the sap back into the tree.

Hon. Mr. Henderson: You have got to do that rough the roots.

Mr. Wildman: I was wondering what provincial program that is part of.

Interjection: That is a federal program, is it not?

Mr. Wildman: No. There is a federal program which is Canada's oil substitution program.

Mr. Riddell: It sounds like an NDP program. They do everything ass backwards.

Mr. Wildman: No, this is a Tory program. Only Tories are qualified.

Mr. Laughren: You are a Tory now, Mr. Riddell.

Mr. Nixon: Am I next?

Hon. Mr. Henderson: If you really want an explanation of it, where is this man Galloway? It is an eastern and northern Ontario agreement. Would you come up here and explain why we are pumping the roots full of water up in the hard rock?

Mr. Galloway: I believe the one at St. Joseph Island was funded under the bilateral agreement between the Ministry of Energy and the federal Department of Energy, Mines and Resources.

Mr. Wildman: It was a provincial program; it is not a federal program.

Mr. Galloway: No, it is a Memtek Corporation machine that is funded. It could also have been the northern Ontario development incentive program, a three-year program that ran in the north. There were also some grants for the establishment of innovative technology and firms over the last three years. That could have been the one too.

Mr. Wildman: Is that program now coming to an end?

Mr. Galloway: That program ended on March 31 of this year. It has been replaced by the northern rural development agreement.

Mr. Wildman: A federal-provincial agreement.

Mr. Galloway: Yes. I understand it is between 30 and 40 per cent of the total cost, which was in the neighbourhood of \$20,000. As a general rule

in that program, they try to provide the grant based on about one year's depreciation on the equipment.

Mr. Nixon: Was that received by anyone we know?

Mr. Wildman: A well-known maple syrup producer on St. Joseph Island.

Mr. Nixon: There are a lot of them there.

Mr. Riddell: Yes, but he used to provide the Legislature with syrup.

9 p.m.

Mr. Nixon: At a fee.

Mr. Riddell: Oh, was it?

Mr. Nixon: Do you think he gave it away?

Hon. Mr. Henderson: You got your little maple sugar on your desk.

Mr. MacDonald: The Queen's Park roadside service.

Mr. Wildman: Was this the only grant of that sort under that program, or was this just one of many?

Mr. Galloway: It was one of many types of grants. There were many grants for a great many different farm technology applications from building silos and grain dryers. There are lots of examples.

Mr. MacDonald: Is that how The Ministry of Energy was in it?

Mr. Galloway: They covered all fields, not just energy—any new technology that could be applied on farms in northern Ontario.

Mr. Wildman: Did this have to be new technology or just new to the area?

Mr. Galloway: New to the area.

Mr. Wildman: Was the purpose to try to demonstrate it so that other people might move into those areas or that type of technology?

Mr. Galloway: Basically, yes. Also, some testing of the technology was involved to see if it would work in that area.

Hon. Mr. Henderson: One that I went to see was a slatted stable barn in the Rainy River area, Telford—

Mr. Galloway: Telford Advent.

Hon. Mr. Henderson: —Advent. He got a grant on a slatted stable and wants a grant to bring it into the community for the production of these.

Mr. Wildman: In other words, this was not just in relation to this industry or just in relation to energy.

Mr. Galloway: As it relates to agriculture.

Mr. Wildman: It is for any kind of new technology and not necessarily new technology, but technology in the area.

Mr. Galloway: Right.

Hon. Mr. Henderson: Was it not for bringing new ideas into the area to show them what could be done that would be applicable?

Mr. Galloway: That is right.

Mr. Wildman: In other words, outside of the syrup industry, on a dairy farm in our area, for instance, if someone wanted to build a glass-lined silo, which is not used in our area but was the first one in the area, might that kind of technology be approved under this same program or under the new federal-provincial agreement?

Mr. Galloway: If it is something new to the area and has not been tried and proven in the area, or there is some risk in adapting that technology in the area, then they would look at that type of risk.

Mr. Wildman: The risk is usually financial risk.

Mr. Galloway: It could be financial risk or it could be crop risk.

Hon. Mr. Henderson: A farmer who came out to that meeting I was at in the Rainy River area pointed out that the winter before he had removed the scrub timber from a 100-acre farm and piled it during the winter. The next year he grew an 85 bushel crop of barley as good as we grow any place in Ontario.

Mr. Wildman: The previous program that you mentioned which related to the reverse osmosis machine ended on March 31.

Mr. Galloway: Right.

Mr. Wildman: With the new fiscal year, when was the northern Ontario agreement reached between the federal and provincial governments?

Mr. Galloway: It was signed on March 2.

Mr. Wildman: When were applications for other kinds of grants for new technology supposed to be submitted?

Hon. Mr. Henderson: The only program that has been announced through Agriculture and Food is the drainage program which was announced two weeks ago.

Mr. Galloway: The technology agreement has been. The technology guidelines were, I believe, released about September of this year.

Mr. Wildman: Does that mean a farmer would have to wait until September to make an application?

Mr. Galloway: Yes.

Mr. Wildman: Could he build or install his new technology prior to obtaining the application?

Mr. Galloway: No. In this federal-provincial program there is a management committee which oversees the approval of projects and has to give approval prior to initiating the project.

Mr. Wildman: In other words, if a glass-lined silo were built before September or in construction before September, it would not qualify?

Mr. Galloway: That is right.

Mr. Riddell: Surely you would not give approval to a glass-lined silo built up in northern Ontario.

Hon. Mr. Henderson: Why not?

Mr. Riddell: It is not even advocated by the University of Guelph.

Hon. Mr. Henderson: I was in Cochrane. I have been there twice in the last year.

Mr. Riddell: You've got to be kidding.

Hon. Mr. Henderson: A farmer there with 10 cows has as good a business as you will find in Ontario. He started out with a pit silo and an upright silo. Now he has two glass silos.

Mr. Sheppard: Do you call them glass silos or blue silos?

Hon. Mr. Henderson: They are glass-lined and they are working perfectly.

Mr. Riddell: Do you mean you are giving grants for that kind of thing?

Hon. Mr. Henderson: No, I was not aware of any grant. The farmer himself put them up. He has four sons and he is one of the best farmers in the north.

Mr. Laughren: I have a couple of policy questions for the minister.

Hon. Mr. Henderson: I was in Mr. Laughren's riding a year ago, as he knows as he was with me. I want the people to know in that area there are some of the best vegetables that grow anywhere in Ontario.

Mr. Nixon: And goats too.

Hon. Mr. Henderson: I was at Bruce Mines where they really have an opportunity.

Mr. Laughren: I have been trying to convince the people to switch to sheep without great success.

Mr. Nixon: We had a great program to raise oats in the Nickel Belt, didn't we, at one time?

Hon. Mr. Henderson: Yes, we did.

Mr. Laughren: We're not talking about that tonight or any other night.

Mr. Nixon: They all got elected.

Mr. Laughren: It was Mr. Sopha that lost.

Mr. Chairman, I was glad the minister interjected because it ties in with what I was going to say. In the last couple of years there has been some talk about improving the agricultural potential in the Sudbury basin. I wondered whether or not the ministry had done any work on that, whether or not you have had any contact with any federal people about that potential, because we have in our midst in Sudbury now a federal minister, the Minister of State (Mines) and the status of women.

Interjection.

Mr. Laughren: You tie it together; I cannot. He has been talking about the enormous potential for agriculture in the Sudbury basin. I wondered whether or not the minister or anybody in his ministry had had any contact with the Minister of State about the potential and whether or not the ministry had assessed the potential growth of agriculture in the Sudbury basin.

Hon. Mr. Henderson: I am not sure whether you have read the announcement that was made October 2. That applies to the whole north. I am not sure that the minister you referred to has been involved in any dialogue with respect to the north. She has not been at any of the meetings I have been. But that is not saying she has not been at meetings with the Minister of Northern Affairs (Mr. Bernier) and the Treasurer (Mr. F. S. Miller) who, as you know, was the one who worked out the northern Ontario agreement. Of that \$17 million, \$4.5 million is allocated to agriculture. It is at that stage that we planned our process.

I would have to say again that she was not at any of the meetings I was at, but that is not saying she has not been around. I don't know.

Mr. Laughren: Your interjection was quite correct. At one time world championship potatoes were grown in the Sudbury area in Chelmsford. There really is and has been enormous potential for the growing of vegetables there. It surprises people when they learn that, but it

really is a fact. I wondered whether or not the ministry was pursuing that possibility at all, or whether you just sort of, like everyone else, wrote off the Sudbury basin for its agricultural potential.

Hon. Mr. Henderson: The Sudbury basin is part of the north. Wherever we have good soil, and I would refer to the clay belt in Nipissing or—

Mr. Laughren: Yes, but you do not have any particular policies directed to the Sudbury basin?

Hon. Mr. Henderson: Our policies are applicable to the north. We do not allocate them to one area.

Mr. Laughren: The other question, which my colleague referred to in a way that was not as serious as it should have been, was the whole question of a food terminal for Timmins. It seems to me that this is a promise that should be kept and I am here to help you keep the promise.

Mr. Boudria: That sounds good.

Mr. Nixon: You put it very well.

Mr. Laughren: We are here to help you keep the promise. That wouldn't be a bad slogan. I wondered whether or not the minister has come to grips with that yet.

Hon. Mr. Henderson: I would have to admit that I was really looking for the member for Algoma to update us. I understand he is on the committee that is looking at this and studying the need for a food terminal in the north.

9:10 p.m.

Mr. Wildman: I did not hear that, I am sorry. I am quite willing to help Mr. Pope if he likes, but he has never asked me to join a committee.

Mr. Laughren: There was a serious commitment made to establish a food terminal in Timmins.

Hon. Mr. Henderson: There is a committee working on it, but they have not reported to me. I was told that the honourable member for Algoma was on that committee. If he doesn't know it, that's—

Mr. Laughren: I think if he was on it he would know it.

Mr. MacDonald: If he were a Tory, he would have been told, but he's a NDPer and he has not been told yet.

Mr. Laughren: I think, Mr. Minister, you have answered my question. There has been no

commitment made to establish a food terminal in Timmins. You know absolutely nothing about it.

Hon. Mr. Henderson: No, I am told there is a committee up north.

Mr. Laughren: Tell us about it. Who is on it? Who chairs it?

Hon. Mr. Henderson: I do not know who is on it. I was told that Mr. Wildman was on it.

Mr. Laughren: Who is the chairman of it?

Hon. Mr. Henderson: He will have to tell us.

Mr. Laughren: I don't believe this is happening.

Mr. Wildman: Obviously, the minister does not take his colleague the Minister of Natural Resources (Mr. Pope) too seriously.

Mr. Laughren: In other words, Mr. Minister, there is nothing you know about this food terminal in Timmins. Is that correct?

Hon. Mr. Henderson: I have not been involved.

Mr. MacDonald: Can I ask a question on this? I understand that when the idea was first floated by Alan Pope there was some sort of a survey of the situation and a food terminal will be established only if local wholesalers, retailers or whatever are willing to come in and share in its building. There was not enough of a response to merit it. Is that correct?

Hon. Mr. Henderson: I understood there was a committee in the north, not appointed by us but by the people up there. I am serious.

Mr. MacDonald: I am serious too. I understand from the early stages you will not set up a terminal until there are enough local businessmen of various kinds who would be interested or willing to participate.

Hon. Mr. Henderson: That's right.

Mr. MacDonald: Is the issue stalled because there are not enough who are willing to participate?

Hon. Mr. Henderson: No one has approached me since I have been minister.

Mr. Laughren: That is a different answer. He is not answering.

Mr. Allan: It is not dead. There has not been any active interest.

Hon. Mr. Henderson: Nobody from up there has approached me.

Interjection: Except for Mr. Pope.

Hon. Mr. Henderson: Mr. Pope has mentioned to me that there has been no active approach made to this ministry.

Mr. MacDonald: So it is a political kite that is flown every so often but there is no substance to it.

Hon. Mr. Henderson: As you know, that talk was before I became Minister of Agriculture and Food.

Mr. MacDonald: But you are on top of your ministry. I thought you would be related to it by now.

Mr. Laughren: Having received crisp and definitive answers to my first two questions, I think I will try my third question. Maybe it is just as well he is not listening.

There was a report out of western Canada the other day that when there are sulphur dioxide emissions on agricultural land, for some reason or other—and I do not understand the technology or the physiology or the osmosis—the livestock die as a result. It is not because of the SO₂ itself; it is because of what the SO₂ does for some strange reason does to the agricultural products and takes away from the nutrients.

Mr. MacDonald: They are drinking too much hydrochloric acid.

Mr. Laughren: Yes, it has to do with selenium.

Quite a number of cattle and pigs died in the Sudbury basin, at one farm in particular belonging to a long-standing farmer there. We sent tissue and samples of the crops to Guelph to be analysed. The report that came back was that the livestock were starving to death. Even though they were eating lots, there was nothing of value in the food. I wondered whether or not there was anyone in the ministry that is up on that kind of technical information.

Hon. Mr. Henderson: We can get that for you; we don't have it now.

Mr. Laughren: I did not expect it tonight, but I would appreciate it if someone could do that because I am convinced that answer was wrong. Even if it were right, it was caused by the SO₂.

Hon. Mr. Henderson: Do you have a name of anything?

Mr. Laughren: I have the name of the farmer. I will give it to you.

Hon. Mr. Henderson: Will you give that to Dr. Rennie and we will get you an answer.

Mr. Laughren: Thank you, Mr. Chairman. You would be amazed at how much better I feel after those answers.

Interjection: You even look better.

Mr. Riddell: I want to return to this bri

document entitled, Building Ontario in the 1980s. The funding for agriculture was broken down into three categories: investing in food processing; two, expanding storage facilities; and, three, upgrading farm land.

We have dealt with food processing. With all the fanfare in the world you talked about the great canola plant that was going to be established. We dealt a wee bit with storage facilities. When we come down to upgrading farm land, let me just quote what is stated here: "Food land clearing program, selective drainage and farmstead improvement: One million acres of farm land in eastern and northern Ontario are capable of being upgraded into high quality agricultural land." Then it goes on and on and on.

Your funding for the drainage project has been cut. Would you mind telling me what you are doing to put more land in eastern and northern Ontario into production? The only way you are going to do that is by providing the funding for draining that land, but you have cut back on your drainage program.

Hon. Mr. Henderson: Where is the paper I gave Mr. Laughren a minute ago? Let me have it for a minute. I will not read it all. "Funding for land clearing and preparation will be 50 per cent of the cost to a maximum of \$10,000; for tile drainage, 20 per cent of the cost to a maximum of \$5,000; for erosion control, 40 per cent to a maximum of \$5,000. For land clearing and preparation, the maximum funding is \$80 an acre to a maximum of 40 acres per year for any one applicant."

Mr. MacDonald: Is that maximum per year?

Hon. Mr. Henderson: A maximum of \$80 an acre per year and a maximum acreage of 40 acres per year.

Mr. Riddell: Has anyone made application or that program?

Hon. Mr. Henderson: It was just announced on October 2. It was part of the northern agreement.

Mr. Riddell: Has the federal government agreed to share in this program?

Hon. Mr. Henderson: That was the holdup when I came in here tonight. I told you on August 24 I was planning on going up. We had it all worked out, but it was October 2 before we were able to announce it. We had agreement, we thought, back in July. In fact, I think the record should show that a year ago last June five provincial ministers met with five federal ministers. They told us at that time they would be ready to go in a few weeks. It took a year and two months before they could get it.

Mr. Riddell: In order to free up that money for eastern and northern Ontario, I suppose that is the reason that—

Hon. Mr. Henderson: We have not done anything in eastern Ontario. That is just northern Ontario.

Mr. Boudria: Eastern Ontario was left out of it.

Mr. McKessock: Why does it take three years to get your \$10,000? Why can you choose only 40 acres a year?

Hon. Mr. Henderson: We felt that was a fair start.

Mr. Boudria: Would you repeat that?

Interjection: You are just out of luck in eastern Ontario.

Mr. Boudria: We have known that for a while.

Mr. Riddell: A lot of the farmers in southern Ontario are complaining about the severe cut-back in tile drainage funding by the province. You sent out a memo to all the clerks saying, "We are going to allot you 50 per cent on your last initial allocation," and that is quite a change from what you have been doing in the past. So what are you doing? Are you taking money away from the projects in southern Ontario to give to projects in northern Ontario?

Hon. Mr. Henderson: No. There was no money taken from southern Ontario. There is the same money in the tile drainage allocation. Central and southern Ontario last year got 50 per cent and eastern and northern got 75 per cent. This year eastern and northern got 50 per cent and central and southern got 40 per cent.

Mr. Riddell: You have found new money then for this project in northern Ontario and, hopefully, it will be extended into eastern Ontario within the very near future.

Hon. Mr. Henderson: We are working on projects.

Mr. Riddell: In the interests of some of my colleagues who want to get on to other matters—I hope Mr. Nixon is on next—I will relinquish anything further I have.

9:20 p.m.

Mr. MacDonald: I will not be too long—maybe I will take that back. I have three areas with regard to policy. The first is just a brief mention of this whole BILD program in view of the information you gave us earlier. Some of it has to do with marketing, and as Mr. McGuigan says that he has some on the co-op marketing, I shall leave that until later.

The proportions of what has to be done in food processing in this province are really quite monstrous. In the last 15 or 20 years, half of the food processing establishments in Ontario have disappeared—over 1,300 of them. Admittedly, that includes the small bakeries in many of our towns that are now wiped out. The source of bread is now that big truck that drives up Highway 400. It is manufactured here in some great corporate structure and delivered, that white bread you cannot taste, you cannot chew well and you get very little food value out of, and all the rest of it.

Some of them are really big processing establishments. Such is the history of what happened to Canadian Cannery with some 37 plants when it was bought out by Del Monte, and 15 or 20 years later we are down to six or seven plants. I just want to pick up on a comment that either you or your deputy minister made yesterday when it was said that your ministry gets \$100 million of the \$400 million that has been allocated in the first instance to agriculture. However, that is not really locked in; it depends on applications coming in.

I want to suggest that in the food processing field—and we will come back to it when we are dealing with co-ops in another context, and I shall leave that—there is an area for the government to take the lead in seeking out where this can be done, not to sit passively waiting for applications but to seek out and encourage applications that will rebuild the food industry because the food industry has really been killed by the whole corporate consolidation process and everything else.

If we are ever going to be able to develop an immediate market that will encourage people to produce, and produce so that we achieve something more of that objective of self-sufficiency in food here, the answer is in food processing. Apart from the fresh market, they have to produce for the processor. If there is not a processor, it is idle to tell a farmer to go out and produce because he is not going to be able to market his products.

Hon. Mr. Henderson: Mr. MacDonald, we do not disagree with you. We agree fully, and this is part of the BILD program. When the soybean people, for instance, were in a week ago, they pointed out to me that there is no crushing plant in eastern Ontario.

Mr. MacDonald: That is what Ottis McGregor has been telling you.

Hon. Mr. Henderson: Yes. I told him then to

bring in someone who wants to put in a crushing plant and we will give the project similar consideration to what we did for the canola plant. We recognize that we must have the processing.

Mr. MacDonald: Do you envisage that you, as a ministry, have any leadership role in going out and developing that?

Hon. Mr. Henderson: Definitely.

Mr. MacDonald: I suppose you would deem that to be something of a leadership role when you put the Ottis McGregors of the world on the spot and say, "You go and get the private enterprises who are willing and we will respond."

Hon. Mr. Henderson: No, we have staff people who are meeting with these people every day.

Mr. Allan: Mr. MacDonald, I would like to say that the objective you set out, going out there and pressing the case to some fairly reluctant people, is a mandate of the ministry—at least, I deem it to be a mandate of the ministry—partly because there has been a reluctance to come forward with anything. Nobody wants to take any chances; everybody is sitting back. We have to hustle these guys. Frankly, we have had a number of meetings with some companies.

I have a report here that says the food companies in this province and this country put the least amount of money into research of any corporate sector. To be very frank, it is true. They have to be shaken up and they have to be tested and they have to be challenged. One of the things that this ministry has to do is to lay some propositions in front of them that they have not thought of themselves. Tomato paste is one product that comes to mind. There is only room for one decent-sized, internationally competitive tomato paste plant in this province, and they are competitors and they are not going to do it on their own.

Part of the function of the Ministry of Agriculture and Food is to put a proposition, coalesce interest and find a way of making it happen when it is not going to happen without that interest.

Mr. MacDonald: That is leadership. I agree with you.

Mr. Allan: That is what we are about. It may take some time and there will be some feathers ruffled, I can tell you. That is the way it always works.

Mr. Nixon: Not in the ministry.

Mr. Allan: I have no idea about what happens in the ministry. But there will be some feathers ruffled in the corporate community because you are talking about testing vested interest and making something happen that will not happen without what you call leadership or a little bit of pressure, and we are about that business right now.

I do not know how successful it will be and how long it will go on, but I can tell you very honestly one of the highest priorities in the ministry is to get some things done that should have been done and that have not been done for the last 20 years.

Mr. MacDonald: I just might add, if I may, gratuitously, that may be a role you can play which the ministry has lacked up until now, and I draw this to Mr. Riddell's attention. He is trying to figure out what your role is.

Mr. Riddell: I am glad he has admitted that nothing has been done, or very little has been done, for 20 years.

Hon. Mr. Henderson: There is one thing we want to leave with you here. It is not just a matter of the province. The federal government must be on hand to help us with this because there are tariffs and things that—

Mr. Allan: We have got to do it if they do not do it at all.

Hon. Mr. Henderson: We need their full co-operation and we are trying to work together. Mr. Whelan and I have had different meetings and he is very helpful. I do not say this with any reluctance at all.

Mr. MacDonald: The classic example in terms of new development is this fantastic prospect of greenhouse development up in Bruce, which is magnificent, namely, to use the energy that we have been pouring at the rate of the equivalent of 2.5 million barrels of oil back into the lake for a greenhouse development. But what is it going to do to the greenhouses in the Niagara Peninsula and down to Essex if we do not make that new production a substitute for imported produce?

Hon. Mr. Henderson: I am glad you brought that up, Mr. MacDonald, because I was just asking Dr. Rennie about something. As you people perhaps did not know, a year ago today I was in Israel. My reason for the trip to Israel was the inland production of shrimp.

Mr. MacDonald: Yes. I was going to say your preoccupation with shrimp farming.

Hon. Mr. Henderson: Yes. That is what I was there for, to see the inland fish farming.

Mr. MacDonald: As long as you do not get fanciful and suggest that we are going to have a nuclear plant in Kingston and Belleville to produce the heat for shrimp farming throughout all of eastern Ontario.

Hon. Mr. Henderson: My idea is to use Lake Huron and the nuclear plant to control the temperatures of the water. That is the long-term planning. I do not know how many months ago I asked Dr. Rennie to go to work at the university and start the experiment. I just asked him for a report. He tells me they are working at the University of Guelph with the first shipment of shrimp they brought in.

Mr. MacDonald: Then they are going to move it to the agripark once it gets into operation.

Hon. Mr. Henderson: If they can prove it. It is still an experiment. The first group of shrimp died; there was something they lacked. They are now on the second group. This is a two-year project we are doing out at the University of Guelph and it is strictly to go into that network if it is a success. Mind you, it has worked in other places. The nuclear waste heat there to control the temperatures of the water is very important. We believe it will work, but who knows how long the research is going to take? But it is under way. We are spending \$60,000 this year and a little more next year.

Dr. Rennie: It will be \$80,000 next year.

Mr. MacDonald: On the shrimp farming alone?

Hon. Mr. Henderson: Yes, through the University of Guelph just in research. Nothing is being done at the plant. We are getting ready for something at the plant or at other plants, but we need both the heat and the cool water to control it at the appropriate times of the year. That is one thing. I am glad you brought up the nuclear plant.

Mr. MacDonald: Okay. Can I move on?

The Acting Chairman: Mr. Miller had a supplementary.

Mr. G. I. Miller: In regard to this plant location, in a small place like Port Rowan I know there is an interest there to process tomatoes and it is in a pretty big growing area for Ontario. Will these places be given priority or will there be any encouragement to locate in such centres as that for the big companies or the local interests? I think there is local interest there to develop facilities if things went right financially.

9:30 p.m.

Mr. Allan: Without checking with the minister, I am going to answer that one. To be very frank, there are multinational companies that control this business. To make something reasonable happen in this province, you have to get them all in a room and knock their heads together. The suggestion that you will get some big improvement in this province in that kind of product by some small plants in some small places is attractive but it ain't going to make much of a dent. You need a big guy. It could be a co-op. I suggested to some of the companies that came in that maybe we should get a god-damned provincial co-op and do it ourselves.

Interjections.

Mr. MacDonald: The disease is spreading.

Mr. Allan: I only meant it in the sense of putting the case to some very sizeable interests because there is only room for one big one for the whole province, to be very frank. It is nice to think that we could pick up a little bit of the Detroit market for peaches and all kinds of things, but this is an international commodity and we need some big guys to come in to put in big bucks and make a real run. Almost all their competitors would have to buy the product because they are into a very severe international competition in this product, which is storable and saleable and moves thousands of miles.

There are some opportunities for small, localized, specialty processing in that particular product you are talking about—tomatoes. It is an international commodity and there is an opportunity. We have a lot of imports and we have got to press for one good one.

Mr. G. I. Miller: The location is the important thing then.

Mr. Allan: It has got to be in the tomato country. You know that and I know that.

Mr. MacDonald: May I move on to another topic? Is it too early to ask if you have at least an interim report on what is happening on the foreign land survey?

Hon. Mr. Henderson: Do we have it with us? I do not think I have it in my book. We can bring it for next week. We are not going to be here tomorrow.

Mr. Allan: We will post a report for next week on the results we have.

Hon. Mr. Henderson: I have seen it but I do not have it.

Mr. MacDonald: On sales that took place this year, I think it is three-months' notice.

Hon. Mr. Henderson: I have it on all the registrations.

Mr. MacDonald: If you are going to bring in a report, let us deal with it when we have the substance.

Hon. Mr. Henderson: Yes. We will have it here on Tuesday or Wednesday—one of the two days.

Mr. MacDonald: The final point I want to raise, Mr. Minister, is that you lost another battle today and a very serious battle. I am not blaming you alone because the whole government is to blame. That was the announcement of the Minister of Energy (Mr. Welch) this afternoon.

A year ago, 18 months ago to be more exact, the Premier of this province in words that were as clear as crystal instructed the Minister of Energy, in conjunction with Hydro, to come back with ways and means of eliminating the differential between urban and rural electricity rates. I know there has been a very elaborate, intensive effort in the intervening period to fudge that and say it was to reduce it and not eliminate it, but the original words were to remove it.

We should recognize what has happened. Hydro dug in its heels and said because it costs more to deliver electricity in the rural areas, because obviously the customers are more scattered, and since their statutory mandate is to provide power at cost, rural costs must always be higher. The higher costs required for rural distribution mean that you cannot reduce the differential below 15 per cent. The government accepted that, and I want to suggest to you that you were wrong in accepting it.

There are four provinces in this country which have, if I may use the term, homogenized the rates. They have uniform rates. BC, Quebec, Nova Scotia and Newfoundland have equal rates for rural and urban areas all across. That is not a foreign philosophy. It is a philosophy which this government accepts in many other areas. If you want to buy beer in a brewers' retail outlet—I do not care whether you buy it in Bobcaygeon or whether you buy it in Toronto, it is the same price. If you want to pay for services such as OHIP services, health services, you pay a premium and the premium is the same all across the province. So it is not a foreign idea that you should have uniform prices and that you should homogenize that price within Hydro so that the rural users are not going to be permanently penalized.

What has happened this afternoon is that the government has now announced that instead of eliminating the 30 per cent differential that

existed a year ago, it is going to reduce it to 15 per cent and the 15 per cent will become a permanent, built-in, long-term differential that rural Ontario is going to have to suffer and sustain as an added burden.

It is fascinating to note what happened in the financial gyrations that went on. This whole proposal was first put on as we were moving towards a provincial election a year ago. The government knew a provincial election was coming. They knew that there had been a very heavy focus and protest about the differential in rates between urban and rural users, and so the Premier launched the whole process: Let us eliminate them; let us remove that differential.

Because Hydro dug its heels in and the election was getting closer, the government had to do something as at least a partial fulfilment, an evidence of good faith in that promise. What they did last fall in the mini-budget was in effect to subsidize the initial reduction of that differential with \$20 million out of the public treasury into Hydro. Pardon?

Mr. Nixon: Three dollars per farmer.

Mr. Allan: To rural customers.

Hon. Mr. Henderson: To rural customers.

Mr. MacDonald: To rural customers. Non-public utility customers, direct customers of Hydro.

Now what has happened is that if you are going to remove the whole differential it would cost \$68 million, and the Minister of Energy (Mr. Welch) announced that and acknowledged it last year. He said the \$20 million was removing 30 per cent of the differential. You needed a \$68 million subsidy if you were going to remove it totally. But the government has decided that we are going to remove no more than half of it. We are going to cut the differential from 30 to 15 per cent and the 15 per cent will be a permanent, ongoing differential that rural Ontario is going to have to live with.

That will require \$34 million. What they have done is that instead of taking that out of the public treasury they are now going to bring in an amendment to the Power Corporation Act which authorizes Hydro to increase bulk power rates from one to one and a half per cent in its sales to the public utilities across the province. That will reduce the difference by one half, but the remaining differential is going to remain.

I suppose Frank Miller has to get the money from somewhere, now he has got this \$650 million Suncor problem to cope with. This is one way—the \$20 million or \$34 million or \$68

million, depending on whether you were going to have a 30 per cent, a 50 per cent, or 100 per cent removal of the differential.

Mr. Minister, I am not blaming you totally on this, but if your voice had been strong in there on behalf of rural Ontario, the government could and should have been persuaded to have moved to what they have done in four other provinces and are considering in still others, and that is to equalize the price so that if you happen to live in the rural part of the province, where incomes are likely less rather than more, you are not going to have an added cost in terms of your energy bills.

Have you anything to say about it?

Hon. Mr. Henderson: Yes, Mr. Chairman. I want to respond to this.

The other provinces you refer to maybe have eight, 10, 20 or 30 public utilities. We have several hundred; I believe about 600. While PUCs in Ontario quote different rates, the rate that the rural areas of Ontario were paying on their residential rate was, as you say, about 130 per cent as to what the PUCs and the other utilities were paying. Let us say they were paying 100 and we were paying 130.

I had some calculations done when this proposal was first presented to me. My argument, at that time, was that we should look at the 100 per cent that it cost PUC A—I forget what one, but any one—then add on its local administrative costs. They came up with anything from 110 to 120 per cent with the calculations we had. So I felt personally, when we got this proposal of 115 per cent for the residential rate, that we were close.

Sure, I would like to have it more, but—

9:40 p.m.

Mr. MacDonald: But you see, Mr. Minister, in the administrative cost for delivering beer across this province, so that you pay the same price in the brewers' retail store in a rural area or an urban area, or in the administrative costs to scattered rural populations to cope with the provision of health services, there is no differential.

Hon. Mr. Henderson: No, but you did not get what I said.

Mr. MacDonald: I got what you said. You bought their line.

Hon. Mr. Henderson: No, I did not. I did my own calculations and I took it at 100 per cent that town A paid. Then I added on its administrative costs and that put it up to 110 to 120 per cent. Here we come up with 115 per cent. I thought it was a fair—

Mr. MacDonald: But the alternative approach is that you have uniform spreading of those administrative costs, a homogenizing of the administrative costs, along with the actual costs of the power, so that each one of them gets it at somewhat the same price.

Hydro has what is, in my view, a very questionable thesis. They argue that they have to provide power at cost, so they divide their customers up into categories so the cost to deliver it in a rural area is greater. Nobody can argue that; nobody will dispute that. But Hydro has not flinched in the past at giving power at a cost cheaper to the major power consumers. In fact, their whole rate structure is incremental, in defiance of the whole conservation ethic and everything else that the more you buy, the less you have to pay for it. Each increment along the line is less.

They have not been sharing all of the costs; they have been willing to mix them and to give the benefits to the major power consumers.

All I am saying is that you could have had a uniform feeding-in of the administrative costs as well as the cost of the power and have provided the product, namely, electricity, to the consumers, no matter where they lived, at the same price. I do not see why a person who lives in rural Ontario should be penalized because he lives in rural Ontario.

Hon. Mr. Henderson: I think my deputy wants to respond on this, but again I say to you that towns A, B, and C have to add on their administrative costs, their service costs, which puts their 100 per cent up to 110 to 120 per cent. What I say to you is that I felt the 115 per cent was a fair average for the farm community.

Mr. MacDonald: You bought a line you need not have.

Hon. Mr. Henderson: Let my deputy explain first.

Mr. Allan: I want to go through some complexities on this, Mr. MacDonald, that may not be immediately apparent. First of all, you are talking about 100 as some kind of an average or median for municipalities, for PUCs' price.

Mr. MacDonald: I agree that it varies from PUC to PUC.

Mr. Allan: It sure as hell does.

Mr. MacDonald: In Owen Sound, where there are—

Mr. Allan: Just a minute. At 115 per cent for rural Ontario, which is pitched against the average of all those PUCs, there will be some

PUCs charging more to their urban customers than the farm community immediately surrounding them is paying, as long as you add it up to 115. At 100, there are a fair number of PUCs which would charge more than the neighbouring community. Just as long as you understand that it is not a uniform price, there is a whole series of prices pitched against an average.

I think the second more important point is, what are you really driving at? Is it the farm residence for 1,000 kilowatts, or is it the chicken farmer who uses 30,000 kilowatts? The real norm is, does the man who uses energy for his productive output pay any more than a factory or shopping centre in the immediately surrounding area? That is the real test of whether the farm community is paying its fair share or too much or too little.

Mr. Wildman: They are sure paying more than Algoma Steel.

Mr. Allan: Just hang on. There are some farm power users, as Mr. MacDonald has said, who, for historic reasons and others, have been there for a while, but that is only 100. There are umpteen thousand people out there, running shopping centres, running retail operations, running whatever they are. The key point is that, at 30,000 or 50,000 kilowatts or a reasonable energy usage, does the farm production unit pay any more? What is the marginal price?

Whether it is the right pricing system or not, the key question is, does he pay any more than a factory or a shopping centre? He does not as a prime energy user. As a residential consumer, he may pay 15 per cent more, but that is probably, on a single meter on his outfit, five per cent of his power usage, maybe no more than that, sometimes 10 per cent.

What you are really concerned about and what you should be concerned about is the guy on the farm paying more for electricity to produce his output than somebody doing widgets.

Mr. MacDonald: The trouble with dealing with economists is that every economist can come up with an answer to a situation and they all disagree. They are a magnificent group; they are worse than lawyers.

Mr. Allan: You and I do not disagree. We are just talking about different things.

Mr. MacDonald: The point I am making is that four provinces have been able to establish uniformity—

Mr. Allan: They have rinky-dink utility systems. For Christ's sake, we have a utility system

with 627 PUCs and we have a sophisticated power distribution outfit in this province. If you guys are standing out there and can tell me of some farmer or some productive unit that is using 30,000 or 40,000 or 50,000 kilowatts and is paying more than some factory in a town nearby, that is a different question. That is the key question.

Mr. MacDonald: Are they or are they not? You are suggesting they are not.

Mr. Allan: I am suggesting they are not, and it is so marginal that it is not worth discussing.

Mr. MacDonald: Now we are talking about that relatively small group of farm residential consumers. All I am saying is that if you established a uniform price, you could get that down to 100, rather than down to the 115 that you are now going to lock in on a permanent basis.

Mr. Allan: I am only suggesting that at 115 there are gainers and losers, some urban customers who pay more and some who pay less. You can pitch any average you like, and maybe 100 is better for \$68 million, but 115 is a hell of a big step from where it used to be.

Mr. MacDonald: Okay. I shall be glad to go out into the rural communities and argue it with you.

The Acting Chairman (Mr. J. M. Johnson): A supplementary for Mr. Wildman first, then Mr. McKessock.

Mr. Wildman: I have a particular problem which was raised by one of your colleagues.

Mr. McKessock: This is on the same theme?

Mr. Wildman: This is on the same theme. It relates to a particular situation in my area. I have not been able to get a straight answer from the Minister of Energy for two years. I raised it with the Minister of Agriculture and Food last year and I believe he said he was going to look into it.

As some of you here know, the rural area where I live is one of the few areas in the province that is not supplied by Ontario Hydro but by a private utility, Great Lakes Power. That power company obtains a very high percentage of its power from Ontario Hydro, and through that system, an agreement between Ontario Hydro and that company, there is an unwritten agreement that Great Lakes will not charge more to its customers than Hydro charges to its direct customers.

However, Great Lakes—or should I say Brascan since it is owned by Brascan—is now in

the process of building a new generating plant, and that will greatly increase the percentage of the power it is supplying to its customers, whether it be the Sault Ste. Marie PUC or its other major customer, which is Algoma Steel, or to the rural consumers, from power that it produces itself.

The Minister of Energy does not seem to know, and I have never been able to get an answer as to whether or not the policy that has been proposed, that 115 you were talking about, will affect the privately owned utilities. I believe about six of them in the province are privately owned and are supplying areas in a monopoly situation where Hydro has agreed not to come in and expand its system.

Hon. Mr. Henderson: The Minister of Natural Resources (Mr. Pope) asked your question in the policy field a week ago. He asked, "How does this affect our small"—he mentioned a very small one, I forget the one. Anyhow, the answer is that the Treasurer (Mr. F. S. Miller) and the Minister of Natural Resources are looking at this. This was the final agreement on it.

Mr. Wildman: Obviously, if it does not affect them, farmers in my area would be in a rather different situation to farmers in the rest of the province.

9:50 p.m.

Hon. Mr. Henderson: We are not trying to mislead you at this moment. But the Ministry of Natural Resources and the provincial Treasurer are looking at it.

The Acting Chairman : Mr. McKessock, a brief supplementary.

Mr. McKessock: I do not see why farmers and rural people should not pay less than others. The distribution costs may be more but that is a small part of Hydro Ontario's costs. If you take that into consideration the development of the nuclear plants and the big Hydro corridors going from the rural areas to the cities, who were they built for? They were not built for farmers. The big expansion did not come in the rural areas. It came in the cities. Really the farmers are subsidizing the urban dwellers for this expansion.

Hon. Mr. Henderson: I will let the deputy answer you on this question.

Mr. Allan: This is energy economics. I do not purport to have any expertise.

We have a power system and Mr. MacDonald is very familiar with the pricing system and the

historical cost basis that we use for that power system. We try to bring capital on at the margin and lay it against the full burden of consumers. Roughly \$3 billion a year in revenues come in from the system. Part of that \$3 billion is to collect capital for distribution systems and pay off debt and so on.

It is not a matter of rural-urban subsidy. Frankly, it is not that at all. It is really an efficient production and distribution system. What you really want to challenge or attack is Hydro's pricing system. If that is what you are talking about, get on with the pricing system of Hydro. This has not a damned thing to do with rural or urban things; it has to do with the way the province prices power. It is an historical system, a cost-plus system. To be very frank, they are not at all sure about what goes into those costs. I do not think anybody is, including those people who were on the royal commission that looked at it. But that is the system.

You want to look at what the guy at the end of the line pays for his power against the guy down the road. If you are talking about the farm community or the rural community, is he getting a fair shake or is he not getting a fair shake? As a producer who uses sizeable power, the thing to concentrate on, if he is getting 30,000 kilowatts—whatever his median use is—is he getting a deal per kilowatt that is roughly comparable with an equivalent user, the broad-base user? I submit to you that he is. Whatever the parlance between us, we are talking about one per cent. The guy who raises chickens and puts on fans and lights and stuff is the guy you should be concerned about. Is he getting a reasonably fair shake against somebody who runs motors and lathes and so on?

Mr. MacDonald: I do not know how far you want to pursue this, because Mr. Allan is correct in that this gets into the whole pricing structure. Let me try to isolate and separate out what I was attempting to do to begin with, but it got fudged because of the forensic efforts of the deputy. It is true that if you are a large enough consumer using 30,000, 40,000 or 50,000 kilowatt-hours, you get into the benefits of incremental lower power costs.

Maybe the answer to it—we should have Eddie Sargent here—is the so-called lifeline arrangement, instituted in New York, where the small householder—and you may have a lifeline for farmers—gets it at a minimum price rather than at the high price for the amount that is

going to be required for his residence, rather than paying the 115 or 120 or whatever per cent it happens to be.

I agree with you that this gets off into the pricing structure.

Hon. Mr. Henderson: In the overall pricing, not just the farm.

Mr. MacDonald: You are right.

The lifeline idea is that you do not penalize the small city householder as well as the small country householder because he gets that at as minimum a price as you can run in order to keep the whole system viable. You do not penalize him and give all the benefits to the big guy who is using the 30,000, 40,000 or 50,000 kilowatt-hours.

Mr. McKessock: Who you are building the big plants for.

Mr. MacDonald: Your point is valid. We are building the big plants for that. The whole capital structure, \$7 billion from Darlington to get in there.

Mr. Nixon: Where do you get the new lines necessary in your downtown Toronto riding when everybody turns to electric heat some time in the next 20 years? Then somebody is going to have to find money to rewire the city all around.

Mr. MacDonald: Agreed.

Mr. Allan: That is property tax.

The Acting Chairman: Are you through, Mr. MacDonald?

Mr. MacDonald: I am finished. I do not know whether I am through.

The Acting Chairman: Mr. Andrewes, I hope you have been listening to this with great interest.

Mr. Andrewes: Every word, Mr. Chairman.

Mr. Boudria: Mr. Chairman, I have just a few remarks to the minister. There was a very important thrust, especially in our area, on what the Board of Industrial Leadership and Development program would have to do with agriculture. We heard an awful lot, especially during the election campaign, about the great benefits to agriculture this would have.

It was a little disappointing to hear afterwards that you are not a member of BILD. Nevertheless, if you are not on the board—

Hon. Mr. Henderson: I was on the board of Alfred College. That was a pretty good start.

Mr. Boudria: I was going to refer to that later in my remarks.

Mr. MacDonald: Give your deputy a solid agricultural hat and send him in there.

Mr. Boudria: I was under the impression I had the floor.

One of the themes addressed was processing and packaging plants. I wonder if we could talk about that a little bit, Mr. Chairman. First, one of the problems we have in Eastern Ontario is very few facilities, especially slaughterhouse facilities. Three members of our caucus spoke to the farmers who are very concerned because there are no slaughterhouses any more in eastern Ontario with the exception of, I believe, Crabtree Meat Packers that still does some in Ottawa. The rest, especially pork, either has to go to Toronto or Kitchener or into Quebec to be slaughtered.

Early this summer I had discussions with an Ottawa company. They said that once they started discussions with the provincial authorities they found out it was so complicated and there was so much red tape involved that they gave up. Nevertheless, I am meeting now with another group in my own riding that wants to start up a small slaughterhouse to slaughter a couple of thousand hogs a week. Would that kind of operation fall under the BILD program, or do you interpret a processing and packing plant as one that does hams and that type of thing? Does just slaughtering qualify under that program?

I have more questions, but I am wondering, Mr. Chairman, if the minister would like to respond as we go. Is this the format?

Hon. Mr. Henderson: No problem.

Mr. Boudria: Maybe you could respond to that.

Hon. Mr. Henderson: Mr. Chairman, talks are still going on on the first one that you mentioned. Do you care, confidentially or publicly, to give us the name of the second one and we can answer it?

Mr. Boudria: I am visiting them tomorrow afternoon, Mr. Chairman. After my meeting, I intend to contact the ministry.

Hon. Mr. Henderson: There are still talks going on, but the first one you mentioned just does not meet the federal meat inspection. That is the big problem with it. It is not an updated plant.

Mr. Boudria: The first name that I mentioned is Crabtree. That is an existing one. But there is another one that I have been talking about.

Hon. Mr. Henderson: I met them about two months ago.

Mr. Boudria: Their name was in the papers

last week. Capital Beef is a combination of Ottawa Beef and Capital Meat. Are you still negotiating with them?

Hon. Mr. Henderson: I am not sure that we would say we are negotiating.

Mr. Allan: I do not want to say too much, but I can tell you there is some sensitivity. We have got beef inspectors and we have to be sure before we can say we are still talking to them.

Mr. MacDonald: On the inspection, if the thing is going to be marketed solely in Ontario, it is your inspection job.

Mr. Allan: How can you tell with a plant that is sitting right on the Quebec border where the hell they are going to sell the meat?

Hon. Mr. Henderson: It is a big operation; let us not kid ourselves.

Mr. Boudria: Oh, yes, I am familiar with the size of it.

Hon. Mr. Henderson: I met them about two months ago.

Mr. Boudria: Could you comment, Mr. Minister, on the general principle? If one of those plants only slaughters and boxes—pork, for instance—would they qualify for assistance under the BILD program? For instance, under the eastern Ontario development agreement, if they do not do things like hams they would not qualify because it is not classified as processing.

Mr. Allan: If they do something more than they are doing now, which is significant to the local area, they qualify.

10 p.m.

Mr. Boudria: Thank you. That is very, very important.

Hon. Mr. Henderson: We have not turned any of them down.

Mr. Allan: But they have to do it right.

Hon. Mr. Henderson: I want to make it clear that I do not want to say we are negotiating; we are still talking. Is that part clear?

Mr. Boudria: Yes, but I was interested in information for the benefit of the second project even more than I was the first one.

Mr. Allan: They have to have some money to bring to the table so that the government is not a 100 per cent investor in something that may or may not fly. We want to see somebody else go down and lose his money too, if that is the way it is going to go. If it is going to win, we would like to see them win it all.

Hon. Mr. Henderson: Let us not leave the

wrong impression with the other members here who do not know this plant. It is in the city of Ottawa.

Mr. Boudria: The first one is; the second one is not.

Hon. Mr. Henderson: It has not been killing for over a year. There is some municipal bylaw.

Mr. Boudria: That is correct for the first one.

Hon. Mr. Henderson: That is the real big problem; they have been out of business. They have got to go through a rezoning.

Mr. Boudria: I wanted to ask you a few other things, Mr. Minister, which I think Mr. Riddell talked about earlier. It is about the announcement that under the BILD program there was going to be an emphasis on improving farm land in eastern and northern Ontario. Yet we saw letters go out to the clerks and treasurers of municipalities encouraging those same people to loan their land up to 50 per cent of the capital cost of any given project. That is a different matter, somewhat.

Hon. Mr. Henderson: Would you say that again?

Mr. Boudria: In previous years, up to 75 per cent of cost—

Hon. Mr. Henderson: For tile drainage.

Mr. Boudria: Per project, yes.

Hon. Mr. Henderson: It is 75 per cent of the cost to the farmer, since March 1980 a maximum loan of \$20,000 per farmer yearly, up to a total of \$60,000 over a three-year period.

Mr. Boudria: This year you have sent letters to the clerks encouraging them to keep that down to 50 per cent of the total capital cost. At least, I think I have such a letter.

Hon. Mr. Henderson: I sent letters to all the clerks across Ontario—I forget how many hundred—who have tile drainage money. Originally, in the spring when the letters went out, I told them they had 50 per cent of what they had last year.

Mr. Boudria: Not that topic, sir. That is not what I am asking about. I am asking about the other information. I was led to believe that in previous years you loaned up to 75 per cent of the actual cost of doing a drainage project. That is a different matter than the code of last year.

Hon. Mr. Henderson: No, it is not. A year ago, in your area if you installed tile drainage on your farm, you could borrow up to 75 per cent of the cost, a maximum loan of \$20,000 a year for a total loan over a three-year period of \$60,000.

We sent these first letters out the day the budget came down, early in April, as we did not have the authority until then, the start of our year. We sent a letter to all the clerks who borrow money, telling them they could loan up to 50 per cent of the amount of money they had last year to loan.

The clerks of municipal councils across Ontario have come to me on two different occasions. I wonder if some of them were the same people who were at the Rural Ontario Municipal Association a year ago last March when I announced the amount of money that I had in February 1980 and that I was picking up all outstanding tile drainage loans.

Mr. Boudria: Yes, I remember that.

Hon. Mr. Henderson: At that time, I announced the restraint for the future years. But this year, as I say, I announced that they could have up to 50 per cent of last year's money. I agreed with the municipalities, and it was the municipalities in eastern Ontario, some of them from your riding and some of them from Osie Villeneuve's riding, that told me I was too late with the second allocation. We used to make it towards the end of September for October.

Mr. Boudria: Yes, that presented problems in my constituency.

Hon. Mr. Henderson: It was your area of Ontario that came to me. For that reason we changed the process this year and told the clerks of the municipalities and the councils that if they would have all the applications they had on hand up to August 1 in to us, we would get that allocation out to them by the first week in September.

When we got the total allocation, the total requests for this year, I had \$25 million in the budget. I got another \$3.5 million and we allocated a little over \$29 million, even though there is \$28.5 million in the fund. We think there will be those that refuse; there are always some that come back. We looked at it and the \$28.5 million would only allow a 50 per cent loan in eastern and northern Ontario and 40 per cent for central and southwestern Ontario. We had \$28.5 million, but as I told you we sent out over \$29 million.

Mr. Riddell could tell you that he came to me on behalf of a township a couple of weeks ago and the 50 per cent amounted to more than the 40 per cent of their applications. I can tell Mr. Riddell that has been corrected. I think there were 12 or 14 municipalities that were the same

as Goderich township. That has been corrected. We are trying to get more money but, as you know, the restraint—

Mr. Boudria: I was going to ask you that. I can appreciate the explanation given to me, but that is, in fact, in direct contradiction with the BILD program that said that more—

Hon. Mr. Henderson: This has nothing at all to do with BILD, nothing at all. That is in our annual budget. Tile drainage has nothing to do with BILD.

Mr. Boudria: Perhaps. It is a little hard to separate that difference to the constituent when he asks you, "Why is it they told us last year they were going to put an emphasis on drainage and this year we are hearing the opposite?" Maybe you could say it comes out of a different fund, but—

Hon. Mr. Henderson: We would agree. I think I was in Venezuela the morning BILD was announced. I think it was the last week of January.

Mr. McKessock: Maybe that is why there is more emphasis on oil than food.

Hon. Mr. Henderson: If you would look back, that was the last week of January, about seven months ago, and look at the number of things that have happened in those seven months.

Mr. MacDonald: Could I ask a quick question here? Am I correct in that you are negotiating but have not yet finalized an eastern Ontario federal-provincial agreement which would provide extra funds without drawing on the limited funds available for tile drainage elsewhere? That is what you are doing in the north.

Hon. Mr. Henderson: We cannot give you any announcements tonight. Let us say we are working on it.

Mr. MacDonald: You are hoping to get an equivalent eastern Ontario federal-provincial agreement to the one you have in the north?

Hon. Mr. Henderson: We had a \$50 million, five-year agreement, as you know, with the federal government and we had problems with municipal drainage that I think you people talked to me about a year ago where we had to put up an extra \$800,000.

Mr. MacDonald: I think that is the answer, rather than stealing it from elsewhere.

Mr. Allan: We are having less success in persuading the government of Canada about eastern Ontario than we had in the north.

Hon. Mr. Henderson: That is the whole problem.

Mr. Allan: There is nothing like the same federal commitment to sign a subagreement on agriculture in eastern Ontario as there was for northern Ontario.

Hon. Mr. Henderson: Mr. MacDonald is correct, but I am not in a position to say that. I would hope for the day when I can make a similar announcement, but I cannot promise you that tonight. Mr. MacDonald somehow or other is aware; he must have some of my staff telling him what we are doing.

Mr. MacDonald: I am the black sheep among your staff.

Hon. Mr. Henderson: We have not announced anything for eastern Ontario, but I can assure you it is on our list.

Mr. Boudria: Another thing I am getting concerned about in eastern Ontario is the trend there seems to be towards reforestation. It sounds very nice, of course, but we seem to see prime agricultural farm land in what I consider, in eastern Ontario terms, large enough parcels—50 acres, 100 acres at a time—being reforested, farms that were growing crops less than a decade ago.

That is getting to be a concern of mine, especially in light of what we have been hearing from ag reps in the last years that we may be able to grow things on some of that sandy soil in certain areas, such as peanuts and things of this nature—at least the ag reps are telling us that.

I am just wondering if your ag reps are protesting, when the protests should be made, to the Ministry of Natural Resources when they attempt to plant trees everywhere, as nice as an idea as that is. I live in an area that has the Larose forest reserve, which is about 35,000 or 40,000 acres of planted trees, but I seem to be seeing too many farms gobbled up by similar things around it.

10:10 p.m.

Hon. Mr. Henderson: Let me answer you this way. It is being dealt with at a higher level than the ag reps. It is being dealt with by head office—protecting the agricultural land for the growing of agricultural crops.

About a year and a half ago I asked some of my staff to do a quick survey in eastern Ontario on what land we might bring into production. I would say about a year ago now, or maybe a little earlier, I went to Ottawa one day at noon with the intention—I had a helicopter sitting at the airport in Ottawa to take me out—

Mr. Boudria: Did you hear that, Jack?

Hon. Mr. Henderson: —in your area, Jack, to look at three drains we were having difficulty with. I wanted to see them personally from the air; it was the only way I could get to see them.

I got to Ottawa at 12 o'clock and the helicopter was out in the field but we had no pilot. We sat around for about an hour and I found he was down in the drug store. I wondered what the hell the pilot of a helicopter wanted a drug store for, but anyhow—

Mr. MacDonald: Aspirin.

Hon. Mr. Henderson: Yes, that is what I wondered. So I did not go out with him but I got a man by the name of Kelly, who is my area supervisor in drainage. Maybe you know him.

He drove the deputy and myself out and I met with a group of the councillors. So I did not see the drains from the air as I wanted to, but I met with the councillors and we worked out a situation to correct their problems. I got the drains approved for them.

Out of that meeting, they found that they were automatically the problem themselves. They were agreeing that the study should be done. They were their own blockade; the cause of my problem with Natural Resources. The council was asking for the study to be done and they did not realize they were holding up their own municipal drainage. They soon cracked at that once I showed them, that afternoon, where the problem was.

That afternoon I got the full report on the million acres of land in eastern Ontario which we think we can reclaim.

Mr. Boudria: So you are concerned with the fact that reforestation maybe is a little hasty upon occasion.

Hon. Mr. Henderson: We watch it daily; we have staff on top of it.

Mr. MacDonald: How much of the three million acres in eastern Ontario can be turned over to canola? Have you any idea?

Hon. Mr. Henderson: We have one million acres. I have—

Mr. MacDonald: That is all good for canola?

Hon. Mr. Henderson: No, it is better than for canola. It is corn or soybean soil. There are a million acres in those 12 eastern counties I have in my report.

I would have to tell the honourable member further that almost half of that million acres has the necessary outlet drainage now. We have been working towards it for a couple of years,

but we do have trouble with the federal government in getting it tied down. I think it will come. I have confidence it will.

Mr. Boudria: On a few different topics, I tend to agree with your deputy minister when he discussed the Hydro rate differential a while ago. One of the problems we have in eastern Ontario is that the farmers are near the Quebec farmers who are paying much lower rates and it is not good enough for them to know they are paying the same as the local shopping centre. What they are interested in is the same as the guy across the fence who is in a different province and who pays urban rates in a rural area.

Mr. Nixon: A bigger system than Ontario Hydro too.

Mr. Boudria: They are very concerned—and they are not, by the way, a kinky-dink outfit.

Mr. Allan: Who is concerned?

Mr. Boudria: The farmers are.

Mr. Allan: Which farmers?

Mr. Boudria: The Ontario farmers are concerned that they are selling their product at the same price as the Quebec farmer and have a much higher cost.

Mr. Allan: Why don't you say so?

Mr. Boudria: That is what I have been saying. It is fine for you or anyone to say they are getting as good a deal as the shopping centre, but the shopping centre may not be renting the retail space for the same price as they are in Quebec, whereas the farmers are getting the same darned dollars for their product as their Quebec counterparts on the other side of the fence.

Mr. MacDonald: They are not getting as good a deal as the shopping centre because they are using 1,000 kilowatts instead of 40,000 or 50,000.

Mr. Allan: Let us assume that he is wrong.

Mr. Boudria: See, poor Mr. Riddell leaves.

Mr. Riddell: No. I am just going to get some grape juice.

Mr. Allan: I want to answer that question for you, Mr. Minister, because what happens to the farmer in those five or seven eastern counties and what happens in Quebec is germane to what the minister said about a national agricultural policy. We can compete ourselves down, we can up the ante, we can sweeten the deal, we can do all—

Mr. McKessock: Why don't we?

Mr. Allan: Wait a second. We can do all those things and the guy across the border is just going

to up it one more time. We either have a national agricultural policy or some reasonable norms across the country that make sense, or we do not. The day this province gets stamped by every move just across a border, something fundamental is going to happen.

Mr. Boudria: Okay. That is—

Mr. Nixon: You resisted that pretty successfully.

Mr. Boudria: There are so many things they have that we do not. Maybe we had better quit right there.

Hon. Mr. Henderson: Wait a minute. We were on drainage a few minutes ago. It was my understanding, Duncan, that when you were down that way you learned something about the drainage in Quebec and the money for it.

Mr. Allan: Yes, I did. I am going to tell you right now, to build up an industry in a neighbouring province way beyond its soil capacity or its natural advantage, for other reasons than the size of the agriculture industry that should be sustainable long term for this country, is not something we should be greatly concerned about, because all of these things—and I go back to Mr. Riddell—tend to come back into balance.

Right now, as I understand it—let us take the drainage as an example—they were paying 21 cents a foot for tile, which is anywhere from 50 to 90 per cent of the cost of putting it in—outright grant. The only problem is they ran out of money on August 20. They just ran out of money, so instead of having a system that continues to operate, 1,000 people in five drainage companies operating in Quebec, no one is doing anything. They just ran out of money.

Mr. Boudria: Yes, I am also aware of that.

Mr. Allan: Believe me, with a \$300 million budget for Quebec, with half of the agricultural output or half the size of the industry here, you can artificially sustain and subsidize, crank up and move something for so long—as long as you have the money and the will. The market tends to bring people back down to reality after a while and the guys in eastern Ontario are going to find that.

Mr. Boudria: I have two more things to bring up very briefly, because I know Mr. Nixon wants to speak, and I will be as brief as possible.

Mr. Nixon: Everyone is worrying about me.

Mr. Boudria: I am very worried about the foreign ownership of farm land. I have written

letters to you and to the Premier before and I am still concerned about it. I am still concerned about, for instance, an instance which happened in my area where someone sold their farm land to foreign investors, registered shares the day before, sold it to foreign investors—it is a Canadian corporation owned by foreign investors. They never even paid their foreign ownership land transfer tax and you do not even have that registered.

Hon. Mr. Henderson: Oh, yes. That is under our foreign ownership act. If more than 25 per cent of the company you say is registered is owned by one individual, or more than half—

Mr. Boudria: How do you know?

Hon. Mr. Henderson: The lawyer who is dealing with it—

Mr. Allan: That is what we have bureaucrats for.

Mr. Boudria: It is not registered.

Hon. Mr. Henderson: No. It is in the hands of the lawyer who—

Mr. Boudria: It is a private company.

Hon. Mr. Henderson: It does not matter.

Mr. Boudria: If it is a private company, how on earth can your ministry find that out?

Hon. Mr. Henderson: You read our foreign ownership act.

Mr. Boudria: Oh, I have read the act, but the—

Mr. Allan: You have to go through those things. God-damn it, I was involved in the land transfer tax and we had to look through blind trusts and we had to look through all kinds of things.

Mr. Boudria: I phoned the land transfer tax office.

Mr. Riddell: You have lost millions of dollars on that land transfer tax.

Mr. Allan: The purpose of that tax was not to collect money. It never was.

Mr. Boudria: Mr. Riddell will tell you, we phoned the land transfer tax people and I went to the registry office. You have not collected land transfer tax on that deal.

Mr. Allan: It was to deter foreign purchasers.

Mr. Boudria: You collected \$16,000 instead of \$400,000 on one deal. By the same token, if someone is not reporting his land transfer tax, why would he report to you?

Hon. Mr. Henderson: It is his lawyer who is doing the business.

Mr. MacDonald: There is a penalty under the act—

Mr. Allan: It takes a long time sometimes to get the legal documents right, but I can tell you, as an old tax hack, these things come right after a long period of time. We have the right kinds of lawyers in this province to find those damned things out, however long it takes.

10:20 p.m.

Mr. Boudria: Do you think you can clamp down on those things—

Hon. Mr. Henderson: No. We think we have what you are pointing out covered under that. There are members sitting here who were in that, and I think they would agree.

Mr. Boudria: Do you intend to bring in legislation, similar to that of Manitoba and many other provinces, that restricts outright foreign ownership of parcels of land larger than X number of acres?

Hon. Mr. Henderson: I have not given any commitment as to what we would do. I have given the House the commitment and I have given this committee a commitment that once the act has been in effect for a year, our government will take a look at it.

Mr. MacDonald: Will that be the end of this year?

Hon. Mr. Henderson: That is the first of December.

Mr. MacDonald: The first of December.

Hon. Mr. Henderson: I said following that I will take a report to my government that I am part of. Our problem at the moment is to prove to you that this is a problem.

Mr. Allan: But you have to stand back as members to look at the broader question you are raising.

Hon. Mr. Henderson: We have not given any commitment other than that we will appraise it. I think the members here will support me—

Mr. Allan: If we should do what other provinces do, then we are not necessarily thinking like Canadians.

Mr. Boudria: I do not think they are less Canadian than we are, and they have done this. I am not talking about restricting other provincial ownership. I am talking about restricting out-of-country ownership. I am not talking about the Prince Edward Island situation.

Mr. Allan: I understand that.

Mr. Boudria: I am talking about the Manitoba laws, so on and so forth.

Mr. Allan: I understand that.

Mr. Boudria: Just one last comment. I would like to congratulate the minister and his ministry for the Alfred Agricultural College, more properly known as the College de Technologie Agricole et Alimentaire d'Alfred. I have met the principal, of course. I have talked to many of the students who go there. They think it is a wonderful institution.

I know there was considerable pressure, or we are led to believe there was considerable pressure upon you and other members of the cabinet to relocate it in another place after March 19. I am very grateful for the fact that you did not and I am glad that it is there and I hope it stays there and that it expands.

Hon. Mr. Henderson: Mr. Chairman, I had hopes that this member would have brought out the eastern Ontario Department of Regional Economic Expansion agreement and municipal drains. It seems to me—

Mr. Wildman: You ought to be gracious. He just congratulated you.

Hon. Mr. Henderson: No, he has inquired in the last week about a certain drain in eastern Ontario—the DREE agreement.

Mr. Boudria: Today, as a matter of fact; I did this afternoon.

Hon. Mr. Henderson: You inquired this afternoon. The honourable members here all know that we had a problem with the DREE agreement. The municipalities' DREE agreement ran out at the end of March and it was the middle of December before the new one was signed. It was in that period the government of Canada did not put up their third.

Mr. Boudria: Yes.

Hon. Mr. Henderson: It was at the same time as that tile drainage money. I had some of my tax rebate which was not used up that year, so I went down to eastern Ontario and gave them until a certain date in March that we would pick up the other third.

He has one drain now which has that problem but, at this moment, I am not able to help. I forget the name of the drain, but—

Mr. Boudria: It is called the Racine drain. The problem is the Ministry of Transportation and Communications caused all the delays because they had to go to meet Highway 417. It is not the fault of local engineering or local farmers, it is purely a government error. I will

send the information to your office shortly. I do not want to take any more of the committee's time on that.

The Acting Chairman: Mr. Nixon, you have five and a half minutes.

Mr. Nixon: I have two specific items of a policy nature I would like to put to the minister. The first has to do with the special problem faced by one of the largest co-operative corporations in Ontario, the Norfolk co-op.

I do not know whether it has been referred to in the committee before, but the member for Haldimand-Norfolk (Mr. G. I. Miller) and I have both been approached by the officers of the co-op which did just under \$50 million business this year and is well established. A private corporation was formed on July 20, 1981, for the sole purpose, we are told, of converting the co-op to an ordinary corporation by buying out the shareholders.

The officers of the co-op have made it clear that they are very much concerned that, under the regulations and provisions of the Co-operative Corporations Act of the province, as well as the Business Corporations Act, it is quite possible the hands of the co-op are tied to the extent that they cannot defend themselves against this sort of takeover.

It appears that the people who have this concept in mind are knowledgeable about the provisions of our Business Corporations Act and our Co-operative Corporations Act and are moving in such a way that, because the share value of the co-ops is controlled under our provincial legislation, they realize there is a good deal more value in the corporation than is represented by the shares themselves. They can establish an ordinary corporation and buy the members out and simply take over the company and have a huge windfall of value there which could, if allowed to proceed, destroy our co-operative movement.

I am told that the same person who established the special corporation, the investor-owned business corporation, has already taken up ownership in the Elgin co-op, which appears to be next on the list, and could even have designs on the central co-operative organization, the United Co-operatives of Ontario. These people in Norfolk are in one sense the uinea pigs, and obviously, we cannot allow this to go forward. I am convinced not only that this agricultural committee but that the minister himself will take the steps that are necessary to top this.

I should just state directly what the officers of

the Norfolk co-op are suggesting. They feel that a statement of policy from the minister or from his colleague, the minister responsible for the Business Corporations Act, should be made that we are going to take whatever action is necessary to deter the conversion. Secondly, they suggest that the securities commission should take action immediately in the Norfolk case, which I understand is moving rather rapidly.

They have also recommended specific amendments to the Co-operative Corporations Act which would provide for ministerial discretion in the conversion of a co-operative to an investor-owned business corporation, and I personally would support that. I believe that the Minister of Agriculture and Food must take the lead, with the other ministries, to see that that cannot happen.

Third, they suggest that we remove from the statute limitations on dividends and interest returns on member investments which are unrealistic and inhibit the raising of capital in the current marketplace. As well, they claim it creates the climate for a takeover which is sufficiently attractive to allow this sort of initiative to take place.

Fourth and last, they suggest that we take action to eliminate the provisions which peg the price of shares to their par value. They feel that unless that occurs, this procedure—which is not a scam or anything like that; it is a legal procedure under our corporations laws—will have a good chance of success, which will mean that our major co-operative companies will be taken over by the private system, or the ordinary share capital system, and we will lose what we have considered for more than one generation one of the cornerstones of our farm operation.

Hon. Mr. Henderson: Let me answer you this way. Number one, this was brought to my attention a month or six weeks ago—you might even tell me it was two months ago. Immediately, I sent the Minister of Consumer and Commercial Relations (Mr. Walker) a letter pointing out the problems. I have asked him to look into it. I am as concerned as you are.

Mind you, and I say it quite openly, I am not sure that the United Co-operatives of Ontario is not doing a similar thing to what has happened here under the name of United Co-ops. You people think back and look at some of those co-ops that United Co-ops have taken over.

Mr. MacDonald: They used a management

deal which is different than this corporate cannibalism that is emerging in the industrial world.

Mr. Allan: Corporate cannibalism?

Mr. MacDonald: Yes.

Mr. Nixon: Listen, my friends, if there is some doubt in the mind of the minister that his responsibility is to protect the co-operative concept and see that our established co-ops are not converted, then we have an argument on our hands.

Hon. Mr. Henderson: You do not have an argument with me.

Mr. Nixon: If there is one instance where you let Gordon Walker fool around with—

Hon. Mr. Henderson: You and I have both said in the committee, right in this room a number of years ago, the both of us, when the United Co-ops claimed a special legislation—

Mr. Nixon: Why should they not have special legislation? They have existed on special legislation from the beginning.

Hon. Mr. Henderson: They did. They are United Co-ops—

Mr. MacDonald: You keep fudging the issue to say what United Co-ops is doing.

Hon. Mr. Henderson: As I said, when it was drawn to my attention I contacted Gordon Walker immediately. I do not have the response, but my deputy told me a minute or two ago that he, tomorrow morning, will follow up on it.

10:30 p.m.

Mr. Nixon: May I suggest that here is an instance where the role of the Minister of Agriculture and Food is going to be crucial. You may as well make up your mind that you are going to have to see that you are the principal protector of this concept.

Hon. Mr. Henderson: Bob, why do we not come out and tell them really what has happened? You know it is one individual who has bought all these—

Mr. Nixon: I can name the company if you want, but what difference does that make?

Hon. Mr. Henderson: If you do not mind, tell them so that they really understand what has happened. We are all concerned about it.

Mr. Allan: What I have got to ask is what were the retained earnings or the net? What was the incentive to cannibalize, as Mr. MacDonald would say?

Mr. Nixon: Sales of \$50 million.

Mr. Allan: What was the net worth of the retentions that one could liquidate or capitalize upon?

Mr. Nixon: They have assets of over \$15 million.

Mr. Allan: How much was liquid?

Mr. Nixon: I do not know.

Mr. Allan: Because the normal motivation that stands behind that kind of thing has to do with capitalizing the liquid assets.

Mr. Nixon: Before we get involved in any of the ancillary arguments, it should be a given that it is your responsibility, backed up by us without regard to party, that we are not going to jeopardize the co-operative movement. That just has to be given.

Hon. Mr. Henderson: Duncan, why do we not get them a report? We may not be able to have it by Tuesday night but let us undertake to bring to keep them informed.

Mr. Allan: Before these estimates close we will give you a status report.

Mr. MacDonald: I was approached by a member of that co-op up in Geneva Park yesterday, and I have a copy of the same document that I think—I think this is something—

Hon. Mr. Henderson: It is a little over a month ago, I would say, that—

Mr. MacDonald: I grant you, but I do not know why your deputy reacted so strongly about my use of "corporate cannibalism," because the kind of takeovers that have gone on in the industrial world are now going into the agricultural front in the co-op world.

Mr. McGuigan: In inflationary times it is cheaper to acquire a company than it is to build one. It does not matter whether the money is liquid or not; that is not part of the argument.

Hon. Mr. Henderson: We will get you a full report some time next week.

Mr. Allan: I have been involved in corporate cannibalism as mentioned by Mr. MacDonald at least 50 times and the reason usually is cash.

The Acting Chairman: Members of the committee, it is after 10:30. If you agree, we will carry on until Mr. Nixon finishes his point.

Mr. Nixon: I just have one other specific point. I may return, actually, to a couple of these when there is more information available. The second thing is the extension of natural gas facilities into the rural area for farm purposes. I have a number of constituents who are members of the Greenhouse Vegetable Grower

Marketing Board and who are outstanding farmers in the Brant area and the Norfolk area, some of whom are also well known to Gord Miller.

The problem really is with an old friend of ours, Darcy McKeough, who is president of Union Gas. I figure that he is playing a game of showdown with you people, because there is no doubt that the gas distribution lines in those areas could economically be extended to some major farm users who are presently using huge quantities of light oil. The natural gas is there and whenever Mr. McKeough's experts confer with the farmers, they put what is the actual capital cost of the extension and say, "Fine, you pay for that and we will put the gas in our end of the pipe and you can take it out through our meter at the other end of the pipe."

For example, a typical arrangement would be an extension of five miles to a farmer in my constituency. He uses a substantial amount of fuel; he measures it by saying it is equivalent to 84 normal homes. It is a lot of gas. He says he is using light oil now and if he could convert to gas, he would save 30 per cent of his cost.

Mr. McKeough and his company said, "We will extend that for \$90,000." My friend, the constituent, said, "There are quite a number of homes"—by coincidence another 80 homes, I believe—"that could be serviced along the five miles and surely you could balance that off." Union Gas says, "No, we will put in a bigger pipe, for which you will pay \$120,000 and you can get the people to sign up and that will reduce the cost to you."

The point is I can see McKeough's and Union Gas' response, it is a business response, because why should they pay it when, in fact, it is probably a responsibility of government, particularly if they are taking the off-oil program seriously? They are going to try to help these farmers to some extent by getting them gas energy for grain drying, tobacco curing and greenhouse growing of vegetables, if they are going to assist them in getting better costs.

The Greenhouse Vegetable Growers Marketing Board met with this minister more than a year ago, along with the Minister of Energy. I am sure the other members of the committee, knowing this minister and his colleague, would understand what I mean when I say they had an extremely good reception. It was discussed in a serious way and there was a thought that there might be a program at the provincial level supporting the initiatives that had been announced repeatedly by the Minister of Energy (Mr.

Welch) and must be supported by the Minister of Agriculture and Food for many reasons. There was a thought that they would look into it, but nothing has happened.

I have a feeling that the government is waiting for Union to say, "We are going to lower the price in order to sell more gas," and McKeough is waiting for the government to pick up a bit of a share. Rather than continuing some sort of a showdown approach, it would be a great thing if we could get together and work out a program that would be available in many areas of the province where there is already a substantial natural gas distribution system. There is lots of gas there. Union can make a profit. We can support the farmers who are quite prepared to pay a share, but a share that is within possibility.

I just put it to the minister that here is an initiative where his deputy can knock heads together, which I think he would like to do, and he can come up with kind of a leadership role in which Mr. McKeough would be in the room—think of that—and you could come up with a great new program, which I will tell you would be very, very acceptable to many of our farmers and also to many of the home owners along the roads that these pipes would go.

Just in that connection, even this off-oil program, if the farmers decide to stop buying oil to heat their homes, or whatever, they do not have the option of changing to natural gas, they have got to burn wood, buy their wife a chainsaw or something like that, or they are going to have to go to electricity. I do not want to repeat the arguments that have been put by a couple of the members about the cost of electricity for the farmers, but they do not have the option the city people do of going to gas. I want them to get the chance to go to gas in these areas, particularly in that Norfolk and south Brant area where there is such a tremendous resource, to cure tobacco, dry grain and grow vegetables.

Hon. Mr. Henderson: I well remember the meeting I had with these people. Their main thrust that day of the meeting was to know if there would be subsidies for them to move greenhouses to the heat, to the Bruce plant. They questioned us quite strongly on that. As you know, there have been announcements about the pipeline to supply steam at the edge.

I have to admit that I faintly remember what you are talking about. I faintly remember them pointing out to us that if Union Gas would build this pipeline—

Mr. Nixon: They will.

Hon. Mr. Henderson: No, but this is what I faintly remember. This is a secondary part, as I remember it, of that meeting.

Mr. Nixon: They want the gas before they want to go to the atomic energy deal.

Hon. Mr. Henderson: I do not disagree, but they were really talking to us about the possibility of moving up to Bruce county.

Mr. Nixon: I am not going to comment on whether they really want to go up there or not, for fear of offending my friends.

Hon. Mr. Henderson: My deputy would like the details on the actual area and he will certainly intervene and see what can be done. Would you supply him with that?

Mr. Nixon: I will certainly undertake to do that. If there is going to be a meeting with McKeough and your deputy, I would really like to be there.

Hon. Mr. Henderson: I am not sure whether they know one another or not.

Vote 1901, item 1, agreed to.

The committee adjourned at 10:39 p.m.

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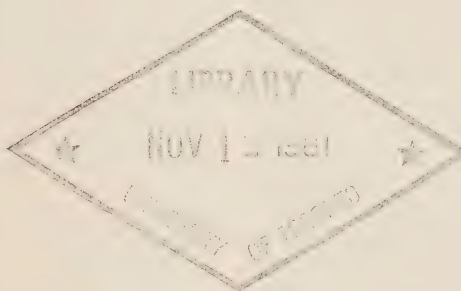
Ontario. LEGISLATIVE ASSEMBLY

No. R-7

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Agriculture and Food



First Session, Thirty-Second Parliament
Tuesday, October 20, 1981

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday, October 20, 1981

The committee met at 8:05 p.m. in room No. 228.

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD (continued)

On vote 1901, ministry administration program; item 1, main office:

Hon. Mr. Henderson: Before I go through the report on foreign ownership—and I believe someone back there has copies of this—I am going to ask Vern Spencer to come up here and explain it.

The report itself is not what I had hoped. It is overcomplete. For instance, in my own area when I looked at Lambton I did not think there was any foreign ownership, but Dow Chemical of Canada Limited in Sarnia is listed as a foreign owner, as is Canadian Industries Limited fertilizer company. So we have a few of them in there. They are in there because of the financial implications. The majority of Dow is owned by people outside Canada, but it really does not show that in those sections.

Would you distribute them, Andy, so the members can question us on them. I think it is important that you understand it fully. We have it broken down county by county, and we have it broken down month by month this year—the whole works. It is a complete report. There is only the one part.

Definitions: Terms used in recording information under the Nonresident Agricultural Land Interests Registration Act. That act came into effect on December 1, 1980.

Existing: An interest in agricultural land held by nonresidents prior to December 1, 1980. Such owners have until November 30, 1981, to register their interest.

Acquisition: Agricultural land interest acquired by a nonresident since December 1, 1980. Such interest must be registered within 90 days."

I could go on. That is all on the front page. You understand that.

We go over to table 1 in the interim report for Ontario Ministry of Agriculture and Food estimates, registrations by month and accumulated

acreage totals. You will note there the number of registrations each month, the acres and the acres to date. "Existing" means the land that was bought before last December. You will find a little discrepancy between that and the final page: it says 29,000 acres there, and on the final page it says 49,000.

We go to what I'll refer to as page one—it is not marked as that. We get down under Elgin county, 470 acres, and there is a "t" marked beside it. That is an oil or gas lease on the property by an American company. Essex, again "t," 1,294 acres.

We go over to the next page, page two, and I take you to Lambton, existing corporations, and I show 5,739 acres and merely 470 acquired.

Vern, do you want to take a minute and tell them what those are?

Mr. Spencer: Those are lands that are owned or have been acquired essentially by Dow or by CIL. There are basically two corporations there, and those are the lands they have acquired or had before the legislation came into effect for the petrochemical development they are involved in down there. It fits our definition, because the companies are nonresident by the definition and the land is agricultural by our definition.

Hon. Mr. Henderson: Yes. And I could take either Dow or CIL. The land is being farmed. In the case of Dow salt is the main base material. They are moving out yearly at a rate of 50 acres a year and drilling wells and washing the salt out for their base material. But even in between those wells for washing the salt out they are farming them.

Under Halton, on page two, what does the asterisk mark mean?

Mr. Spencer: The asterisk is under acquisition, and it means termination. What has happened there is that a company that owned the 101 acres, a nonresident company or individual, has sold that property. So in effect that is a termination. The property has been sold back to a resident Canadian.

8:10 p.m.

Hon. Mr. Henderson: Okay. Page three, is there anything we should report of a difference other than what we have reported? I want Vern

to report to you on Rainy River, 7,166 acres. Would you report what that company is, Vern?

Mr. Spencer: In the Rainy River situation, again we look at acquisitions there. There is a major company called the Wells Land and Cattle Company whose head office is located or registered in Davidson, Saskatchewan. It has indicated to us that, according to our definition, it is a nonresident company and it has been purchasing land in Rainy River.

Hon. Mr. Henderson: When I looked at Rainy River on the map it was coloured for foreign ownership—this is before the Ministry of Agriculture and Food came into effect. I forget the name of the township, but it showed a large portion of that township in foreign ownership. We went back to the assessment roll and it did not have any farmers in that township at all. It is agricultural land, but people coming across the border had it as hunting land. There just wasn't a farmer in the township. So Rainy River is a little bit different.

We go on to page four, October 1, the summary of registrations under the act. Under column three, existing corporations, we believe about half of them are companies other than the likes of Dow Chemical or companies that have registered, because over half of them are owned by people from other countries. Column four adds up to 7,862 acres; 90 per cent of that involves companies like Dow Chemical and Canadian Industries Limited. There is no report on pages five, six, seven and eight. We get over to the 48,000. Vern, would you care to venture a guess as to what portion of that 48,000 are companies actually located here but funded from out of the province?

Mr. Spencer: Actually that grand total of 48,000 is made up of the additions across. Under the corporations column, nearly 25,000 acres are those corporations, so nearly half that figure is made up of corporations that, by our definition, are nonresident and hold land that, by our definition, is agricultural.

Hon. Mr. Henderson: The people controlling half that land are here, but their funding comes from out of the country and they are corporations.

The other one I wanted to go back to is total existing. I note Haliburton on page two, 4,500 acres. Have you done any research on that, Vern?

Mr. Spencer: Yes. In the Haliburton situation there are 4,500 acres owned by a German family by the name of Kraus. They have had the property since 1973.

Hon. Mr. Henderson: Are there any other things of that nature you feel you should report to the committee to give it as fair an understanding of this report as possible?

Mr. Spencer: I guess the only other one is some 5,000 acres in Parry Sound and that is Canadian Industries Limited from Montreal.

Hon. Mr. Henderson: CIL again.

Mr. Spencer: CIL again. Again, it is land it has held for some time.

Hon. Mr. Henderson: Are there any questions on the report we can help the members with? Table three shows the percentage of where these registrations come from. Table four is registrations by country. You will note 56 per cent of the 48,000 are actually Canadians with foreign money controlling them. So 43.7 per cent is outside of Canada, 23 per cent German.

Mr. Eaton: Can you clarify that? Are you naming companies with foreign control or companies outside of Ontario? The one you mentioned, Wells, is not a foreign-owned company?

Mr. Spencer: They are companies or individuals who have a Canadian address but who, by our definition, are considered to be nonresident. We would pretty nearly have to go to the legislation, which says 25 per cent of shares or a certain length of time of residency.

Hon. Mr. Henderson: That is 25 per cent owned by one individual or over 50 per cent owned by several.

Mr. Spencer: For an individual it is length of residency.

Mr. MacDonald: What is deemed to be the total acreage? If 48,000 is foreign-owned, what is the total?

Mr. Spencer: The total agricultural acreage? For purposes of this, we used the assessment figures, which are about 14 million acres.

Hon. Mr. Henderson: There is one other report—I do not think there are copies; maybe we should get it for you—US Farm Land Still 99.4 per cent American-Owned. Maybe we should get duplications of this just for the committee to have a copy.

Mr. Riddell: Did you say there are 14 million acres of agricultural land in Ontario?

Mr. Spencer: This is according to the assessment. One criterion in the legislation is whether it is assessed agricultural. In calculating our percentages, we used the total land assessed agricultural as being the base. That is about 14 million acres.

Hon. Mr. Henderson: Help me with that because I have been quoting 16. Let us go into New Liskeard, the land we think we can clear there. Are we calling that agricultural land or how is it assessed? Do you know offhand, Vern?

Mr. Spencer: I do not know offhand. The assessment people have tried to limit it to farm units. Some of those farm units are more than half forested or very rough, as you know, but they have tried.

Hon. Mr. Henderson: It will be assessed then as agricultural land, some of that area we think we can clear?

Mr. Riddell: Has the time lapsed now for registration of this land?

Hon. Mr. Henderson: Page one will tell you all that, Jack.

Mr. Riddell: How do you know you are getting anywhere near the number of acres of foreign-owned land? How can you check that?

Mr. Spencer: The only way we can check it is by going to the registry offices and seeing what property has been transferred and then investigating that property. We have two people whom we have had going to the registry offices. Also, they have been checking with the real estate people, checking with our staff in the field, following up on leads. Basically, most of the land that is transferred and registered as being transferred and should be registered, has in fact been registered; in other words, the things you find have been registered.

Hon. Mr. Henderson: Vern, could you give us the straight answer on your thoughts. Do you have reason to believe there are land transactions out there that have not been registered?

Mr. Spencer: There is a possibility that some individuals have been forming companies and selling shares that have not been registered. We have heard of one or two instances that we are investigating. The time has not elapsed yet for them to have to register; so we are just monitoring it. That is one possibility we are aware of. Basically, any land that has been brought to our attention before the time has elapsed for registration has been registered.

8:20 p.m.

Mr. Riddell: Are you familiar with the cosy little deals between foreign investors and farmers whereby they are circumventing the land transfer tax? When these cosy little deals are made, is this land being registered as foreign-owned land?

Mr. Spencer: I am not familiar with that. I would need a better description than "cosy deal."

Mr. Riddell: I mean when a foreign investor is encouraging a farmer to establish a corporation and then start to transfer shares; by so doing, they can avoid the land transfer tax. Nobody needs to tell me differently, because it came right from the horse's mouth at the Ministry of Revenue, that it has lost literally millions of dollars because of this kind of deal.

What I am saying is, if they can form this cosy deal to get around the land transfer tax, can they also form a sweet little deal whereby they do not have to register this land as being foreign-owned land?

Mr. Spencer: The short answer, I believe, is yes.

Mr. Riddell: So we are not getting an accurate figure.

Mr. Spencer: This is the one situation we are aware of where obviously these people are not registering the fact they have sold the shares, because they are not showing those deals anywhere.

Hon. Mr. Henderson: Do they have to show that any place at the Ministry of Consumer and Commercial Relations or anything?

Mr. Spencer: No. As I understand it, that whole process is now being investigated to see what can be done about it.

Mr. Eaton: Once 25 per cent of the shares are changed to one individual, will he be required to register under the act or will he be subject to the penalties under the act?

Mr. Spencer: That is correct. The difficulty is that unless they register we have great difficulty finding it.

Mr. Eaton: If you hear about it, if somebody has the information and facts that Mr. Riddell has and he can give you the names, you can investigate it. If they have 25 per cent ownership, something can be done about it.

Mr. Wildman: I was interested in the comment you were making about northern Ontario. I suspect that land that has been in production in the past or that has gone out of production, some of which you are now talking about in terms of acreage that could be brought back into agriculture, is not included in your figures because I suspect it is not being assessed as a farm unit.

For instance, I know of one township in my area where a large portion of land that was

farmed at one time, and is not now farmed, is owned by one or two investors, one of whom I believe is from Detroit. I suspect that land is not assessed as farm land.

Mr. Spencer: That certainly is a possibility, the actual breakdown.

Hon. Mr. Henderson: Let us be honest. In the Rainy River—I did not look in your area; yes, there was one in your area too. I have it here. It is the same thing exactly. A large parcel of foreign-owned land was assessed as agricultural land, and the township clerk returned it to us when I did the survey.

If I had both sheets of that survey, it would have shown what you are asking. It is not here tonight. If I had that book where I did the survey, it would show one of your townships reported all the foreign owners but it had no farmers; it was reported as agricultural land. This fits what you were wondering about.

Mr. Wildman: But they did report that as agricultural land.

Hon. Mr. Henderson: The township clerk did report it to me. I have not compared it to this. That is the survey I did just after I became minister. We can bring that book over tomorrow, can we not? Is that part of it?

Mr. Allan: While you are looking at it, I just cannot understand why anybody would not have it assessed as agricultural land, to be frank. I cannot think of any other designation where he can pay such low taxes.

Hon. Mr. Henderson: This is from the page on your area in the survey I did: "Number of farms currently being farmed, 613." This is in Algoma. "Total acres in the municipality, 147,682. Number of farms owned by nonresidents living in Canada outside Ontario, two. Total acreage owned by nonresidents living in Canada outside Ontario, 213. Number of farms owned by nonresidents living outside Canada, eight. Total acreage owned by nonresidents living outside Canada, 3,594.

"Number of acres of farm land in the last five years converted to urban dwellings, 343. Number of acres of farm land in the last five years converted to commercial and industrial, five. Number of acres of farm land in the last five years converted to utility corridors, 12."

That is Algoma if you want to look at it.

Mr. Wildman: That is not included in this.

Hon. Mr. Henderson: That is not part of this. That was a survey I did through the township clerks.

Mr. Wildman: I cannot find Algoma on here at all.

Mr. Spencer: We have no registrations from Algoma at this time.

Mr. Wildman: I see. Okay.

Hon. Mr. Henderson: Just after I became minister, I wrote to all the township clerks. That is the response I got.

Mr. MacDonald: You announced it when you were sworn in.

Hon. Mr. Henderson: That day.

Mr. MacDonald: Within the hour.

Hon. Mr. Henderson: Yes, and I did it.

Mr. MacDonald: I suspect we are not going to have any particular problem in terms of registration over the past year, because they know they have to do it. The lawyers who are handling it know they have to do it. It has to be done within 90 days.

I must say I am a wee bit suspicious that there are those who were in foreign ownership earlier who either wittingly or unwittingly did not register or, alternatively, sold shares so they became obligated to register but they are sort of not with it; they are not knowledgeable. I should know this, but I have forgotten. What are the penalties if one does not register?

Hon. Mr. Henderson: I do not have anything here.

Mr. Eaton: It is up to \$25,000.

Hon. Mr. Henderson: Yes, it was a fair penalty. I cannot quote it, but I thought it was a fair penalty.

Mr. McGuigan: It is \$25,000.

Hon. Mr. Henderson: I think it is \$25,000, but I do not have the facts on that.

Mr. MacDonald: Depending on the holding, that may or may not be a severe penalty. That may be the area where you are going to find it is going to take a little time to track it all down. I urge that the first time you find somebody who has violated the act, you really take him to court and slap on the \$25,000 so the world knows you mean business on this.

Hon. Mr. Henderson: We are going to have problems with some people. I was talking to an individual in the Bruce area. He has owned 100

acres there for some 20 years. He spends summers there. He argued with me that he is not a foreign owner.

Mr. MacDonald: He spent his summers there for 20 years?

Hon. Mr. Henderson: He is from Detroit. He feels he is a resident up there. There will be some like that who really do not think they are foreign owners.

Mr. J. Johnson: Mr. Minister, I would like to register my concern on the foreign ownership of land. In my riding of Wellington-Dufferin-Peel, I have had many municipal officials tell me it is a very serious concern. The concern is not only that the land is going into foreign ownership but also that some of the foreign owners have a tendency to tear down the buildings so they can reduce their assessment.

Hon. Mr. Henderson: I hear the division bells. What are we going to do about voting? Are we going to let the party whips tell us?

Mr. Chairman: Carry on.

Mr. J. Johnson: Mr. Minister, I have requested from your ministry an update on foreign ownership. I hope that is available as soon as possible. I think it is a more serious problem than some of us admit to.

Mr. MacDonald: There is scepticism as to whether this represents the true figure. That is from Tory back-benchers as well as the opposition.

Mr. Allan: That is one of the reasons we circulated this broadly based US report, because the same scepticism was all over the United States. Having spent millions of dollars to collect the numbers, they found the facts helped substantiate the theory.

Mr. J. Johnson: Is this the document?

Mr. Allan: Yes. This has been going on for five years in America. There are laws being passed to keep out-of-state people out and all kinds of things. You can count all the numbers.

Mr. J. Johnson: I am not talking about passing laws. What I am simply saying is, why in hell do we not find out what is going on? Then we can assess whether we need laws or anything else.

Surely it is to our benefit to know what is happening. I do not know, and I question whether you or the ministry know. If you do not know, then it is time you found out. Maybe by this process we will find out. It is something a member of the Legislature should know and something the public should be aware of.

3:30 p.m.

I have conveyed this to the minister before, and I will continue to convey my concern until we do find out the record. Maybe there is no cause for concern and we can all rest happily. This is something all of us want to know. Enough members have discussed it; I do not want to prolong it.

I have another concern I would like to express.

Hon. Mr. Henderson: Just before you do, we all have the same concern that Donald MacDonald brought up about those long-time holders. We may have problems; let us not kid ourselves.

Mr. MacDonald: On that point: I suspect we will not know until next spring or next summer. Gradually there will emerge in any township or in any county instances that have not been registered, and we will begin to find out how complete and accurate our assessment has been.

Hon. Mr. Henderson: Let me assure you that as soon as the year-end is up we will take the book I have made up from the township clerks and do a cross-reference. We do not know what that will end up doing for us, but it at least will be one method of checking.

Mr. MacDonald: It is refreshing for me as an opposition member to know there is more scepticism among the Tory back-benchers than in our ranks.

Mr. Chairman: I am informed that it is a 10-minute bell that is ringing.

Hon. Mr. Henderson: Who is keeping track of the time?

Mr. Eaton: We have six minutes.

Hon. Mr. Henderson: We do not mind staying here if the opposition wants to stay.

Mr. MacDonald: I understand the Solicitor General is not there; so they cannot proceed. Why do we need to bother about that? The Solicitor General's waywardness is not our problem.

Mr. Eaton: Can I ask a question? We have 10 minutes. Can the minister tell me, for instance in Huron county, how many purchases are involved in that 2,000 acres?

Mr. Spencer: Seven.

Mr. Eaton: Seven purchases? I must question the accuracy of it then.

Mr. Spencer: Seven known individuals.

Mr. Eaton: What is the largest acreage?

Mr. Spencer: We do not have the specific forms here. I cannot tell you. We can get you that information.

Mr. Chairman: The first word I had was that it was a 10-minute bell, but I have been informed by Mr. Gregory that he thinks it may be longer than that.

Mr. Eaton: When it stops, we will know it is not.

Mr. Chairman: Are you through, Mr. Eaton?

Mr. Eaton: Not quite. Do you not keep a breakdown of these?

Mr. Spencer: We have the breakdown, but one has to go into the individual forms and see what each form represents. I believe that is correct—

Mr. Eaton: Did you cross-check these with the tax paid to the Ministry of Revenue, the 20 per cent?

Mr. Spencer: Yes. That is one of our sources of information.

Mr. Eaton: Did you find any where the 20 per cent had been paid but they were not registered with you?

Mr. Spencer: No.

Hon. Mr. Henderson: There are some other oil and gas leases in this, as I mentioned to you.

Mr. McNeil: Is there a breakdown of that? I would be interested because of the prices in the riding of Elgin.

Mr. Spencer: We again would have the breakdown.

Hon. Mr. Henderson: Can you get that for Ron?

Mr. McNeil: I see there are 179 individuals, but you tell me that some of those are oil and gas leases.

Mr. Spencer: Yes. Most of them are oil and gas leases.

Mr. McNeil: I know we have our own farm leased.

Mr. Eaton: Is it 179 individuals or 179 acres?

Mr. Spencer: It is 179 existing individuals, according to—

Mr. Eaton: No; acreage owned by individuals.

Interjections.

Mr. Spencer: The 179 is acres.

Mr. McNeil: There are only 179 acres leased in Elgin county?

Mr. Spencer: And that is existing. But that is not gas and oil; the gas and oil are the 470 that is marked with a "T."

Mr. McNeil: Those are the individual leases?

Mr. Spencer: Those are individual leases most of them less than an acre. Many leases will be anywhere from 0.1 acres to 0.5 acres; then every once in a while you will have a 100-acre lease. Most of them are just for a specific spot location.

Hon. Mr. Henderson: You mean oil and gas leases? Really?

Mr. Spencer: It surprised us too.

Mr. McNeil: In our area they leased the total acreage.

Hon. Mr. Henderson: Vern reminds me, and I started to tell you, that we have a problem with the oil and gas leases. We in the ministry do not see a lot of reason to have the likes of—I will use Dow Chemical as an example, because you people all know who Dow Chemical is. Going through all of that makes a terrible amount of work for our staff. We are not convinced that oil and gas leases should be registered. That was not the purpose of our act. Do you want to comment on it further, Vern?

Mr. Spencer: The oil and gas leases normally do not affect the surface use of the land. We had not anticipated that they would be considered an interest in agricultural land, but lawyers tell us it is.

Initially, we had two or three companies registering substantial acreage. We indicated we wanted to get a ruling on it, and we basically told the rest of the companies not to register. We have just now had the decision and, in effect, our legislation will require them to register. At the moment we only have those very few companies that registered back in December and January of last year in our records. If all the other companies have to register—I believe there are more than 60,000 leases in the province—we are going to have to come up with 60,000 forms.

Hon. Mr. Henderson: If we see fit early in the new year to bring in legislation, I as minister would hope to bring a section before the House.

Mr. MacDonald: My feeling, Mr. Chairman, is that we have gone as far as we can go on this at this point. When we come back in the spring, we will have the total picture, and three or four months after that we will find out how many delinquents there were in terms of registration; at least we will begin to get a picture.

Hon. Mr. Henderson: I did have a section to make into the House earlier in the summer, but I decided to set it out so there would not be misunderstanding about it. But we are here if there are other questions, Mr. Chairman.

Mr. Chairman: Mr. Johnson, do I understand correctly from your actions that I cut you off?

Mr. J. Johnson: Mr. Minister, I would like to express my personal concern with one phase of energy—

Mr. Riddell: On a point of order, Mr. Chairman: Are we leaving the foreign ownership of land and section?

Mr. Chairman: Is this related?

Mr. J. Johnson: This is an entirely different subject.

Hon. Mr. Henderson: Maurice just reminds me I should tell you that the oil and gas leases are registered under the Ministry of Natural Resources, and that is the reason there is a duplication.

Mr. Eaton: The biggest majority of those people leasing for oil and gas are nonresidents; they are Alberta-based companies.

Hon. Mr. Henderson: The biggest majority of the people leasing for oil and gas have—

4:40 p.m.

Mr. J. Johnson: We are on vote 1901, item 2, financial services, which is strictly—

Mr. Chairman: I was not here for the last meeting, but I suspect you requested information of the minister which probably still applies to item 1.

Mr. MacDonald: If we are cleaning up vote 1901, main office, there is another thing the minister was going to report on. Now that the deputy is here, perhaps we can get a report on the whole question of whether the Minister of Consumer and Commercial Relations (Mr. Walker) is going to sit idly by while all the crops are destroyed in Ontario.

Mr. Chairman: Can we go back to Mr. Johnson? Do you feel it ties in with oil and gas?

Mr. J. Johnson: Yes, definitely. It is agriculture.

Mr. Wildman: It's a lot of gas, anyway.

Mr. J. Johnson: Mr. Minister, I would like to express my personal concern about remarks attributed to some of the members of this committee, and certainly to some of the members of the House, about using agricultural land for the production of crops for energy.

I expressed my concern in the Energy esti-

mates and was told at that time that it should properly come to this committee. I have looked through the votes, and I cannot find any vote that—

Mr. Wildman: That sounds like the Minister of Energy (Mr. Welch). He just wanted rid of you.

Mr. J. Johnson: Yes, he did. Anyway, I just feel there is some concern in today's society, when there is a world shortage of food, that we should not be using agricultural land to produce crops that would be used for energy.

In Ontario, we have all kinds of water supply that could be used, along with our nuclear system, to produce energy in the hydrogen field. We might set up a system whereby we would be committed to a process that may be five, 10 or 20 years down the road and that we might feel we should move out of, and yet at that time the argument would be that we should not change, since we spent so much to become involved in the system.

The member for Niagara Falls (Mr. Kerrio) and the member for Welland-Thorold (Mr. Swart) have argued that we have paved over so many acres of land, and I think we can say the same thing about using crops for something other than food. I think it is damned close to being immoral to use crops for something other than food. I will take some flak from my Liberal opponent, who says we cannot use 50 acres of land for a sanitary lagoon, but that is one of the problems you have.

Mr. MacDonald: Are we discussing this now?

Hon. Mr. Henderson: I want to respond to one part of Mr. Johnson's statement.

Mr. J. Johnson: I thought you said we were still on vote 1901, Mr. MacDonald, and we could flip around.

Mr. MacDonald: Okay. But if we are dealing with a topic, let's deal with it.

Hon. Mr. Henderson: I want to respond to one part of Mr. Johnson's statement, the world shortage of food. Mr. Johnson, every member of this committee knows the problems the agricultural community is faced with today in Ontario. For the beef and pork producers, the problem is not a shortage of beef and pork; it is overproduction of beef and pork. They have been crying so much about the world shortage that our beef and pork producers are overproducing, thinking it is needed out there, although they will not let us export around the world.

Mr. J. Johnson: Mr. Minister, the point I was

trying to make was not to put anything in place in the nature of building stills or whatever to convert grain into alcohol so that we are not locked into a system that we do not want to be in 10 years from today.

All I am saying is that you, as the Minister of Agriculture and Food, should be concerned about what happens to our food-producing land. There are other ways we can get energy. We do not have to use this land to meet the energy needs of Ontario. We have an abundance of fresh water. We have all kinds of hydroelectric power. We can convert water to hydrogen as soon as we come up with the technology to do so, and I think we can have that in place within 10 or 20 years.

Let us not get into a program where we are building stills all over Ontario and we have to grow crops to feed the stills to produce energy that is not needed at this time. That is the point I am trying to make.

Hon. Mr. Henderson: I accept that, and I know the other members want to respond, but I will answer the point you raised about growing poplar and what have you. You and I may think a little differently about stills; they are an important part of our society.

Mr. Eaton: It depends on what they are used for.

Hon. Mr. Henderson: We have a plant in London that is using a million bushels of corn a month, making sweets and concentrates.

Mr. Eaton: We have one that uses the crops for other things.

Hon. Mr. Henderson: Yes. But my deputy will answer about the poplar in eastern Ontario. We have pretty strong feelings on that too. Mr. Allan, do you want to respond to the point about the poplar in eastern Ontario?

Mr. Allan: Mr. Johnson, inevitably there are tradeoffs, and not just in this ministry. In terms of agricultural farm land, urban incursion and poplar plantation, there have to be some tradeoffs. Obviously we are interested in having that form of fibre for feedstock and energy encouraged where it does not take out a higher-valued product. If it is drained land that can grow corn, you have to be a madman to put poplar on it. Anybody can see that.

If I am a forester and I want a nice controlled experiment, the first place I am going to go to do it is somewhere where it is nice, level and drained and where it is easy for me to plant and harvest it. The job of this ministry is to make sure that does not happen. You put the so-called

poplar plantations in places that are not suitable for agriculture; you put them in places that right now are swamps and are not suitable for anything except maybe growing muskrats. That is our job and that is what we are doing.

Mr. J. Johnson: That is reasonable as long as there is not some other crop that could be grown on that land. For example, you said you could only grow poplars because they are quick-growing trees and you can use them for energy. Perhaps there is some other species of tree that would be more permanent and could be grown there for the benefit of society as a whole.

All I am asking is that the minister and the ministry take a look and make sure we are not talking about something in the short term that is going to be detrimental in the future. It is easy to grow trees; in 20 years you can get a poplar.

An hon. member: Five.

Mr. J. Johnson: Five? Okay. But maybe in that five years—

Mr. Chairman: Mr. Johnson, I allowed you to speak if it was going to tie in with these leases somehow. I have a couple of other speakers who want to talk on the land. Perhaps under vote 1905, agricultural—

Hon. Mr. Henderson: I have to correct him. I have been trying to grow trees around my house, and I am have a hell of a job getting them to grow.

Mr. J. Johnson: Did you say vote 1905, Mr. Chairman?

Mr. Chairman: Perhaps you might be able to slip that in under education and research. I think I have gone a long way in giving ample time to tie it in to these leases, and I do not think you are going to be able to do it.

Mr. J. Johnson: I will respect your decision, Mr. Chairman.

Mr. Riddell: Mr. Chairman, I would dearly love to be at a meeting of tobacco growers, grape growers, malting barley growers or even corn growers at which Jack Johnson was invited to speak.

Can you tell me that those are food crops, my dear friend, remembering that a lot of corn goes into the manufacture of alcohol? Malting barley goes into alcohol. What is tobacco? Is that a food? Do you realize the amount of food that is thrown away if carrots, turnips, potatoes and other crops do not come up to a certain standard? Just go out and have a look at some of the fields at harvest time and see the stuff that goes back onto the land. What is wrong with having that stuff go into alcohol?

I am telling you, the trend has started. There is a farmer in my area by the name of Phil Durand, who is one of the pilot project guys in his whole area; he has established an alcohol plant. Furthermore, the farmers could not sell their barley. They had a heck of a time getting 63 a bushel for their barley, which had been in storage. If they cannot sell it for food, then it may as well go into the manufacture of something we can use.

Mr. J. Johnson: It's waste.

Mr. Riddell: Yes.

Mr. J. Johnson: That's fine. But don't grow it or waste.

Mr. Chairman: Mr. Riddell—

Mr. Riddell: Getting back to foreign ownership—

Mr. Wildman: Are we supposed to be going upstairs to vote?

Mr. Chairman: Are they voting?

Hon. Mr. Henderson: Are they voting right now?

An hon. member: Yes.

Mr. Riddell: Okay. We'll come back.

Mr. Chairman: We will adjourn until after the vote.

The committee recessed at 8:51 p.m.
:20 p.m.

On resumption:

Mr. Chairman: I won't be here tomorrow morning but the committee may want to consider going an extra 11 minutes or whatever it is tomorrow morning which will still allow you to be on track.

An hon. member: The interruption was half an hour.

Mr. Chairman: I realize it was half an hour but you have an extra half an hour scheduled next Tuesday, so you can do whatever you want. You can decide that tomorrow if you want.

Mr. Riddell: Mr. Chairman, I won't be here tomorrow either. I am going to represent the interests of the farmers and go to Hanover tomorrow to present a brief to the OFA task force, which should be rather interesting.

Like Mr. Eaton, I am somewhat sceptical about the figures, particularly as they pertain to the amount of foreign-owned land in Huron county, or even Bruce county for that matter.

Admitting that we don't have up-to-date figures and won't have until the deadline when they all have to register—

Hon. Mr. Henderson: They are up to date as of when, Mr. Spencer?

Mr. Spencer: They are up to date as of October 1.

Hon. Mr. Henderson: I know what you mean, it is not the full year but they are up to date as of October 1.

Mr. Riddell: What do you do to dig out these foreign investors who simply are reluctant to register the land or, for that matter, maybe don't even know about the law? It seems to me that happened in the United States. They had to extend the deadline because apparently the foreign investors in the US didn't know the legislation had been passed. I don't know whether the foreign investors who have purchased our land know anything about this legislation; what do you do to smoke them out?

Mr. Spencer: First of all, we have done a fairly good publicity campaign with the lawyers. Essentially, anyone who is involved in these kinds of transactions has to use lawyers and so we felt that was one of the key places to get them. We have also done some advertising in the farm press. I don't know whether you recall but we advertised in the farm press last spring. We will have another campaign just before the deadline—it will go in the latter part of October and first part of November.

Aside from that, wherever we have had a lead we have contacted the company, person, agent or whatever. A number of the registrations we have obtained have been the result of a lead being brought to our attention. We have contacted the people and sent them a copy of the legislation, with the forms and so on, and then we get the registrations back. You are quite right. There are still probably a number of people out there who have either ignored what they have seen or heard or whom we have not been able to contact. We really have to rely on leads from the real estate people. We do, for example, get leads from one real estate agent about another real estate agent and we do get those kinds of followups.

Mr. Riddell: Bearing in mind information I have been given, you find some of the lawyers and some of the realtors are directly involved in the foreign ownership of this land. I hope you are going through the proper lawyers and the proper realtors.

It may seem that 49,000 acres is insignificant.

It may be that at the end of the deadline we find the figure is 60,000 acres. Let us consider a 200-acre farm to be a viable unit. I don't know what the economists at Guelph would tell us now is a viable unit, but I happen to feel it may be around 200 acres. Another way of looking at the significance of this is that we have denied 240 of our young farmers an opportunity to farm their own land. Not only that, but Ontario has the highest-cost land of any province in Canada. You tell me why. If it isn't foreign investment that has helped to drive up the price of this land I would like to know why our land is the highest-priced land in Canada.

I can give you a personal example—a family sharecropping my farm. There are four sons who want to farm. Two of them are graduates from an agricultural college. They are excellent farmers and they can't buy land because of the price. When they do go out to buy land they find it is pulled out from under them with foreign money.

We can say that 49,000 acres is insignificant, but it has stopped a lot of our own young people from buying land. They cannot make it work out on paper. They cannot see any light at the end of the tunnel if they are to compete with the foreign investors for this land. I say it is a crime to be allowing our land to be passing into foreign ownership, whether it is 490 acres or 49,000 acres. I hope we will have a chance to discuss this when the deadline arrives and we will see how much land has gone to foreign ownership.

Hon. Mr. Henderson: Mr. Chairman, the only response I would give is that in the area farther south from Mr. Riddell, it is the farmer next door or within a mile or two who is paying the big price.

Mr. Riddell: He has to, Mr. Minister, because he too is competing against the foreign investors.

Hon. Mr. Henderson: In my county there are no foreign investors outside of the ones I mentioned.

Mr. Riddell: You really don't know because you don't know who is going to these farm sales and bidding on this land. It could be some Ontarian who is representing a foreign investor.

Hon. Mr. Henderson: I have a pretty good idea of most of the sales. I know quite a number of farmers who have bought the properties within a mile or two of home and they have paid the big dollar—\$2,000 or \$2,500 an acre.

Mr. MacDonald: Can't we table this debate until we get a full report?

Mr. Henderson: That would be next year. You realize we won't have it this year.

Mr. MacDonald: Oh, I agree.

Mr. G. I. Miller: For clarification, Mr. Chairman, I notice in Haldimand-Norfolk there are 990 acres involved; one was an acquisition of 187 acres and there was an existing 803 acres. How did you arrive at that figure? Was it by the same principle, by going around to each of the municipalities?

Hon. Mr. Henderson: No, these are registrations.

9:30 p.m.

Mr. Spencer: These are actual forms submitted by the land owner based on the legislation; in other words, he is complying with the legislation. I think you said there are a number of existing land owners and I believe one acquisition this year.

Mr. G. I. Miller: Is the agricultural representative's office involved in securing the information?

Mr. Spencer: Not normally. As I say, we have tended to work with the legal profession. Most of these have been submitted by the lawyer on behalf of the purchaser.

Mr. G. I. Miller: Do you have a breakdown of the land, by area, that is available to the members?

Mr. Allan: I think it is in the power of the ministry to deal with individual members or concerns in their area. But we are a little worried about publishing anything but aggregate data until such time as the form of the report that goes to the Legislature is finalized. This is an information report about aggregates, not micro-details within counties and how many deals.

Mr. G. I. Miller: It is not available then?

Mr. Allan: I cannot see any problem if an individual member wants to come in and deal with Mr. Spencer about the situation in his county.

Mr. MacDonald: Are we finished with this?

Mr. Chairman: I believe so.

Mr. MacDonald: I wanted to ask whether or not the minister or his deputy is in a position to respond to your interceding with Gordon Walker, the Minister of Consumer and Commercial Relations, on the issue of the co-op?

Hon. Mr. Henderson: The deputy will speak to that.

Mr. Allan: We had an interesting meeting this morning with people from the Ministry of Consumer and Commercial Relations about the Norfolk Co-op. I have learned a little bit about

it. It seems to be the biggest one we have. It makes a very modest spread, I would call it, on its sales, although it is held as an exemplary type co-op. I cannot see why anybody would ever want to buy it or take it over on the basis of those numbers, but that is just an amateur talking.

The law forbids a change in the form of that corporation without three quarters of the members attending a meeting and voluntarily choosing to make that change. It requires three quarters of those co-op members, at a public meeting called for that purpose, to make any fundamental change in that co-op. In that sense it is very difficult for anybody to get overly concerned.

Hon. Mr. Henderson: Do you mean three quarters of those actually at the meeting?

Mr. Allan: Yes. They call a meeting for the purpose of discussing that issue. Say there are 4,000 members of this co-op; I do not know how many people would come to such a meeting. Assume half of them come out, you are talking about well over 1,000 people individually, because each member has one vote.

Mr. MacDonald: But assume 100 come out, then 75 could turn it over.

Mr. Allan: I find it very difficult to even conceive of a fundamental change if there are these assets to be capitalized or realized. What is the par value—\$200 of the initial share capital? The rumours are that those shares are worth \$5,000 if you had a different form of business entity. That is the first thing.

The second thing is, United Co-ops, in their letter to the minister, and in the communications with Gordon Walker, asked for a couple of changes. They would do exactly what they purport this private entrepreneur is intending to do—namely, let us pay higher dividends above the 10 per cent and let us have an appreciation of the par value. These are the two essential things they are suggesting interloper or some guy out there is trying to do to them, or to Norfolk Co-op.

The principles of the legislation are very clear. This is not a profit-making organization, it is a service organization. It is not essentially a profit-motivated organization. Both those restrictions are in the existing co-op legislation and I would think we would tell United Co-op we are going to keep them. The shares have to be redeemed at par and there is a restriction—it used to be eight per cent; now it is 10.

I can't see how people can get very concerned about this, because it is fundamentally the most

democratic institution you could think of. Also it offers probably the greatest resistance to change because you need three quarters of all the members attending a public meeting to ratify such a change.

Mr. MacDonald: Can you tell me whether Walker has met with the co-op?

Mr. Allan: I can't tell you. I had the lawyers over and the people who are doing it. Honourable Mr. Walker is in the process of both responding to United Co-op and in accounting to the Minister of Agriculture and Food. I can't tell you whether he has met with the co-op *per se*, no.

Mr. MacDonald: I have a copy of the letter—I assume it is the same document, with the covering letter that Bob Nixon was speaking to the other day when we first raised this issue—addressed to the Honourable Gordon Walker QC on September 30, 1981, from B.M. Moffat, vice-president supply and merchandising, United Co-operatives of Ontario. They spell out the specific things they think need to be done to cope with this threat. I think those were the things that were put on the record by Bob Nixon. I take it from what your deputy is saying, Mr. Minister, you feel the danger is greatly exaggerated.

Mr. Allan: If you go back, Mr. MacDonald, there is a specific section in the legislation which permits a co-op to convert into another form of business organization. The following section, though, puts some very severe restrictions on that ability; namely, that you have to have an overwhelming majority of members who want to do it.

Mr. MacDonald: That is the 75 per cent.

Mr. Allan: That is correct.

Hon. Mr. Henderson: Of those attending the meeting—but again they must all be notified of the meeting too.

Mr. Allan: It has to be a meeting called for that purpose. This is not just a normal kind of annual wingding. It requires a specific notice and in that sense I can't see, *prima facie* anyway, why anyone would be that concerned because it is within the power of the members to do whatever they want to do with their own co-op. It takes a very major initiative by somebody to persuade that many people.

Mr. MacDonald: I am puzzled by this, quite frankly. I am not certain whether the UCO have met yet. I have talked with some people in the UCO and I have the impression they haven't yet

met with Walker—in fact, that they were going to be presenting this brief and speaking to it. Perhaps they will be satisfied.

It rather puzzles me that the man who is taking the lead on this whole process, according to rumour—and I have nothing more than a rumour—has already taken out membership in a co-op down in Elgin county and even in one down in the Chatham area. It's apparently somebody with what he thinks is some good legal advice as to how to go about this.

Maybe for the moment the only thing we can do is leave the matter rest until UCO has had a chance to meet with Walker and find out whether they are satisfied. I am not an expert in this field. I wouldn't pretend to come to a final judgement on it. But I think the general plea that was made by Bob Nixon is one I would reiterate to the minister—however, on the basis of what the deputy has told us there doesn't appear to be a problem, there is no real threat.

Mr. Allan: We are following up in another way, Mr. MacDonald; we should have told you. I asked the economics branch of our ministry to give us a report on how co-ops have been doing for the past 10 years, how well they are competing with other forms of business organizations in similar endeavours. Are they making any money? Is there a capital appreciation there that makes them vulnerable to takeovers and so on. We will do that because it is an interesting question, apart from this case.

Mr. G. I. Miller: Just for Don's information, I have been talking with the manager of the co-op in Simcoe, Bob Winch, and asked if he was interested in coming before the committee while we were doing the estimates. He was given that opportunity and he did not get back to me, so I assume he must be satisfied with the actions that are coming out. If they are not satisfied and they are still concerned, I think they should come before the minister and explain the situation.

9:40 p.m.

Mr. MacDonald: To conclude the point I was making, either the local co-operative or UCO along with the co-op should meet with Walker and find out whether they are satisfied. I reiterate the point Bob Nixon made when he initially raised this—that this is the kind of situation that should be watched carefully by the minister. The minister states he is concerned about it if the fears have any justification at all. Having been alerted to it, there is an obligation by the ministry to hold a close watch

over the situation. If you find out you have misjudged it and this guy is able to manipulate the situation—because what goes on in these takeovers, at least in the industrial world, is bewildering.

Mr. McGuigan: Mr. Chairman, I am not so reassured by the deputy minister's remarks as he is. The farmers established these co-operatives not so much as profit-making ventures as to have some competition in areas, and to have a business they control. I have been a member of two co-operatives for a number of years, neither one of which has ever made any money.

Mr. Allan: But have they cost you anything?

Mr. McGuigan: Yes, they have cost money. But we still would not give them up, because if that facility goes we have no facility to do our processing. So it is not just an economic matter of whether or not we are making money. We still want to maintain them. I suspect one of the reasons UCO is asking for this change in interest is that in order to encourage their own members to invest in their own companies they have to be able to offer them the current rate of interest. I do not see how you can resist taking a darn good look at the possibilities and making a change in the act.

Mr. Allan: It is a different point, though. The difficulty of raising new share capital to expand or to do something is a limitation with a broad-based membership. With the constitution it means that my \$200 and my one share gives me one vote and somebody else's 50 shares give him one vote in how that co-op is run. If you are an investor and have \$100,000 invested in something and somebody else has \$10,000 invested in the very same thing, and democratic decisions determine what happens to you \$100,000, it is difficult to raise capital on that basis, and understandably so. The more common system, of course, is to have your equity ownership carry with it voting rights so that you can have a stake in following your capital.

Mr. McGuigan: But it is accepted that you have only one vote in co-operatives. There are people who are willing to make that sacrifice. They know that when they go into the co-op. Also, when they have money in it, they are required at times to put in more, sometimes to protect what they already have in it. I do not dismiss it as easily as you do that you cannot—

Mr. Allan: I was not dismissing it. I would think I was suggesting to you the limitations that were put in the legislation in 1975 were put there to enshrine the service motivation behind the

co-op rather than the profit motivation. Now there seems to be some instinct towards more of the profit motive. That is essentially what lies behind UCO's pitch to you.

Mr. McGuigan: When the act was passed—I do not know how far back—I would assume at that time there was very little inflation. There was not all that much in 1975.

Hon. Mr. Henderson: Which? The Co-operative Corporations Act or the UCO?

Mr. McGuigan: The co-op act.

Hon. Mr. Henderson: It goes back a long time.

Mr. McGuigan: There was very little inflation at that time.

Hon. Mr. Henderson: The one I am a member of was formed in 1921. It has celebrated its sixtieth anniversary.

Mr. McGuigan: There was not all that much inflation in 1975 either, compared with the last six years.

Mr. Allan: As I read it this morning, those were the last major changes in the co-operative act.

Mr. McGuigan: It seems to me another factor makes this attractive to someone who is trying to take it over. Your concern the last time we talked about this was what cash the co-op might have on hand. Cash on hand in a company has often been used to take over the same company. If you look at building costs today, the bricks and mortar can be purchased in the form of a building at a fraction of the replacement cost.

Hon. Mr. Henderson: Mr. Chairman, I wonder if my executive assistant, Mary, might contact Mr. Walker in the morning to see if he has met with these, and if he has anything to report we will bring it in in the morning. Is that fair enough?

He has met with them?

Mr. Allan: He has not, but he's in the process of making arrangements.

Hon. Mr. Henderson: Okay. That answers it, then. I don't need to report in the morning.

Mr. G. I. Miller: What was the answer from the commission?

Hon. Mr. Henderson: They haven't met yet. He's in the process of setting up a meeting. There hasn't been a meeting yet.

Mr. McGuigan: Further, Mr. Minister, I'm a little more concerned about the possibility of a small turnout and of those people voting. If they're offered a big appreciation on their stock

they might just fall for it. I have a lot more concerns than perhaps you have. You should take it pretty seriously.

Hon. Mr. Henderson: You don't worry over this other co-op being in the riding of Kent-Elgin?

Mr. McGuigan: That's a thing of the past.

Hon. Mr. Henderson: No, no; Donald said there's another one in the Elgin area. I'm sure it's not in the riding you represent.

Mr. McGuigan: I think I know where it is.

Hon. Mr. Henderson: I think we both know. I think it's in your riding. I don't know—

Mr. MacDonald: Mr. Chairman, if we are finished with this I have a point of order before we leave this first main office estimate when we were dealing with policy. That is, I still want to get a more satisfactory answer, if I can, from the minister as to why, in all of the discussions we had—in his leadoff, in the critics' leadoffs and in the debate subsequently on the whole question of interest rates—the minister didn't choose to divulge to us that he had been responsible for taking a survey of the bankers.

My information is that he voluntarily provided this information to a press conference that was held after his meeting with Eugene Whelan a week or so ago. He described it—and I have it from a media person on his tape—as an independent survey.

So it wasn't, as the minister indicated in the House, a sort of verbal survey that was of no particular consequence. At least in its first presentation to the world it was a survey of some substance. I am a little puzzled as to why the minister would inform the House that some trouble, perhaps money, had been spent in taking an independent survey of bankers to come up with this conclusion which the bankers are constantly trying to have the public accept, which is that there is really no crisis out there, that it's something like less than one per cent of the farmers who are really in trouble.

Were no records kept of the verbal survey?

Hon. Mr. Henderson: Mr. Chairman, let me respond to Mr. MacDonald. It's a fair question. When Mr. Whelan was in and I spoke to the press I indicated we were doing a survey of the banks. That survey, as far as I am concerned, was done by one Duncan Allan, my own deputy, at that level. If he had some of the other staff involved he hasn't told me. So last Friday morning Duncan Allan gave me a verbal report on his findings.

Mr. MacDonald: Then why did you tell the press conference that you had taken an independent survey?

Hon. Mr. Henderson: Maybe I used the wrong word there.

Mr. MacDonald: You gave the impression it was a fairly serious review of the situation.

Hon. Mr. Henderson: It was a very serious review. What I really meant is that it was not tied in with the federation of agriculture or the government of Canada. We in Agriculture and Food were doing an independent survey. I will let Duncan himself tell you what he did. It was done at his level, as I told you in the House.

Mr. MacDonald: Okay.

Mr. Allan: The motivation was fairly simple, Mr. MacDonald. It was to get a fix, if we could, on how many people out there who are good farm managers—people whom banks would like to keep as customers down through the years, whom we would like to have as farmers, who have found themselves trapped by this squeeze. That was the essential motivation: so that we could qualify it and find out how geographically specific it is and so on, and whether it is just pork and beef and a lot of those things.

We decided a good way to start was to find out what the federal government had. Mr. Whelan indicated he had a lot of information. The guy we talked to really didn't have very much information; it was certainly not satisfactory to me. So we called in each of the banks and said, "Tell us your credit problems. Tell us the accounts you want to keep as accounts and what their characteristics are. How much are they in hock? What products are they in?" We are in the process of aggregating those things.

9:50 p.m.

We are not satisfied with that information. In fact, at the Friday meeting Mr. Whelan suggested to the minister in front of the press that he should not take much stock in what the banks told us. It was a start.

I have asked David George to get each of our area co-ordinators, who happen to be out there and give a lot of farm management advice—we have nine of them—to send in their views. They talk to farmers and are in that service business. When we are satisfied we have a fair fix I told the minister verbally I thought it might be as many as 1,000 farmers who could be in serious trouble. So far we hear a lot at the Ontario Federation of Agriculture meetings and so on.

It's very important we know that, because we promised we would communicate it to Mr. Whelan pretty quickly, and we intend to do that.

We do not have a formal report. We have some attitudes; we have some counting up. I presume when I get the thing in shape to the point where I am happy with it the minister will send it to Mr. Whelan and say, "Listen, here is one independent view of the dimensions of this problem right now."

Mr. MacDonald: Mr. Chairman, what we are trying to come to grips with here is how serious this crisis is among farmers. After all the rhetoric we have heard surely it's a pretty pertinent point.

I am getting more and more puzzled; and forgive me, Mr. Deputy, but I am even more sceptical than I was on the foreign land registration. We know how many bankruptcies there are. Ralph Barrie has said that for every bankruptcy there are 10 farmers who have gone to forced sales and tried to get a reasonable return on their equity before it fades out of the picture totally. I have also been told that in many instances there may be many more farmers who have not yet gone to a sale because they are hanging on for dear life. We are in a low-price period and if they sell now they are not going to get a reasonable return on their equity.

To go back to the basic from which we start, the number of bankruptcies: A couple of days ago I learned something that really has me staggered, and, quite frankly, I think it is something that you should consider at the appropriate statutory level. My understanding is that all those statistics we have been getting with regard to bankruptcies represent only those bankruptcies that have gone through the courts. It is the private deal between the bank and the farmer to go into receivership that never gets registered. I don't know how many more of those there are than the ones that go through the courts but the bankruptcy figures we have are totally unreliable—let me use that word and not anything more inflammatory. We don't know how many private receiverships there are out there.

Second, we do not know whether Ralph Barrie is correct when he says there are 10 times as many farmers in deep trouble—that they have gone to forced sales instead of bankruptcy. There are eight times as many, 10 times as many, 15 times as many who are hanging on for dear life and haven't yet gone to a forced sale.

So I find it totally impossible to come to any

reliable conclusion as to how serious the crisis is out there. We have been talking about it enough: the farmers are talking enough, the agricultural organizations are talking about it, Gene Whelan is talking about it, and so are you expressing your concerns; I think it's about time we got this situation nailed down.

Maybe all I'm saying is that what your deputy is engaged in is the kind of thing that should be engaged in, but I think you have to go back. For example, have the banks divulged to you how many private receiverships they have been engaged in and how that figure contrasts with the official bankruptcy figures that have gone through the courts?

Hon. Mr. Henderson: I will let Duncan answer that.

Mr. Allan: As I understand it, to the end of August there were something just over 100 formal bankruptcies. I gave you the number of 1,000 as my assessment, with the information I had on hand—on what I would call farmers in real financial difficulty whom everybody would want to maintain as farmers. Voluntary liquidations and so on—

Mr. MacDonald: Let me be specific in one of my questions. If there are over 100—and that is the figure I acknowledge as the official figure in Statistics Canada—

Hon. Mr. Henderson: One point one is the last figure I had.

Mr. MacDonald: Yes, something like that—bankruptcies that are official; and they are the ones that have gone through the courts. How many private receiverships are arranged between banks and the farmers? My guess is that if I go into the bank and I am in trouble and the bank says, "Look, we are going to have to move," the answer is not to go to court and get an official registration of a bankruptcy; it's to go into some form of deal between the bank and the farmer. As I understand it, it is a private deal to go into receivership; it's not registered and we know nothing about that—at least statistically we know nothing about that.

Hon. Mr. Henderson: I am trying to be honest with you, and from the area I know best—my own home area—I know there are as many of what you are proposing as there are receiverships.

Mr. MacDonald: You mean as many receiverships as there are official bankruptcies?

Hon. Mr. Henderson: Yes. As many as where they have negotiated a settlement between the loaning institution—

Mr. MacDonald: That must have been a sheer guess.

Hon. Mr. Henderson: No. I know equally as many where the Farm Credit Corporation has entered into negotiations with the individual, where they have entered into an agreement with the farmer, who gave up the farm, got away with his machinery, his livestock and in some cases the house. I know of three in my own riding, and I have three bankruptcies in my own riding.

Mr. MacDonald: I would think that if your deputy is in consultation with the banks it would be interesting to have the statistics—I presume the banks could give them to you—as to how many receiverships they have been involved in, quite apart from official bankruptcies that have been in the courts.

Mr. Allan: I think that's a valid point. We will try to flesh out all of those dimensions.

Another dimension that occurs to me is that the companies which manage liquidations are very busy. You will notice there was a report in this morning's *Globe and Mail* from the Clarkson Company Limited, Peat Marwick Limited and Price Waterhouse Limited.

I know guys in each of those firms. I certainly intend to call them as part of the perspective to find out how many staff they have working on farm cases, because they are an important part of this adjustment process. We will get that, and I hope we will have what I would call at least a good qualitative fix so the minister can make the best case possible to his federal counterpart before the federal budget, which comes down on November 3.

Mr. MacDonald: In whose jurisdiction, provincial or federal, would it lie for a legislative requirement to officially register any private receivership in addition to official bankruptcies?

Hon. Mr. Henderson: I can't answer you. But I would point out that most of the bankruptcies are individuals who have borrowed from the Farm Credit Corporation and at the time of borrowing didn't get sufficient funding, then had to go to the bank or another loaning institution for additional money. Farm Credit has maybe got a mortgage for half or three quarters of the value, but the bank in turn has a lien on everything for three to four times what Farm Credit has, so there's no way one can be negotiated.

The ones that are negotiated are those where the farmer is not in that bad a shape. Still, in his mind he's having problems—don't kid yourself. But in all the cases I know of that is just with Farm Credit, and Farm Credit has tried to work with them to let them have their machinery and let them have their livestock. Maybe Mr. McGuigan could tell you of similar cases that he knows of.

Mr. McGuigan: We all know about these cases. The first is total bankruptcy. Probably the equity is down to zero.

Hon. Mr. Henderson: Or below.

Mr. McGuigan: Or below.

Hon. Mr. Henderson: Yes. A 40 cent or 50 cent dollar.

Mr. McGuigan: There's nothing left for the farmer.

Hon. Mr. Henderson: Yes.

Mr. McGuigan: The next group would go into it voluntarily. If I can put a guess on it the farmer might still come out with, say, 20 per cent. He doesn't voluntarily go under until he is getting—

Hon. Mr. Henderson: In any that I know of, Farm Credit has taken the property and the agreement was that the farmer got his machinery and his livestock, and he came out okay. There are three of them within my own area, and in one of them the farmer saved his house. He had two houses on the property.

Mr. McGuigan: I think 20 per cent is not too bad a figure.

Hon. Mr. Henderson: No, you are not far off.

Mr. McGuigan: Not far off it.

Hon. Mr. Henderson: No.

10 p.m.

Mr. McGuigan: What worries me—and I don't know how you would ever get hold of statistics on this—is the people who are set further down, and they see themselves moving into that other bracket simply because the profits are not enough to carry these 20 per cent interest rates.

Those people are coming out to the task force meetings and they are speaking up. They would not be speaking up and embarrassing themselves if they really weren't concerned. They are the people I am worried about, because the other group of people are past help. No matter what help you bring in, it won't save them, but this group is sliding that way

Hon. Mr. Henderson: They are really beyond that too, Jim. I have to agree with you. There are

quite a number in that position who have not made enough because of the interest rates of the last two years. The beef and pork industries have been that way because of the high interest; they owe \$200,000, \$300,000 or \$400,000. They might have 200 acres worth \$200,000, \$300,000 or \$400,000, but they owe \$500,000 and \$100,000 interest. If it is through the bank, quite often they will have a \$100,000 farm credit loan and owe \$200,000, \$300,000 or \$400,000. I have had people tell me their income is only half the interest. In some places, it is less than that.

Mr. McGuigan: If you are really going to get a handle on it, it seems to me you will have to go in on some sort of a random, spot-check basis and do a financial analysis.

Hon. Mr. Henderson: No. Some of this will come out in our interviews with the banks.

Mr. Allan: The government of Canada has been in this business for 30 years. They deal with farmers and give them long-term credit, and we can't get what I would assume to be routine, aggregated, decent, broken-down data. At least they tell us it's not available and I can't believe that. In any area of government that I was ever in where there was a problem coming up and you had the mandate to run that area, you also had the statistics on what the hell was going on.

Hon. Mr. Henderson: But, Duncan, what you must worry about will come out in our interviews with the bank.

Mr. Allan: I know. But, as I said, we are really going through a back door to find out where the front door is.

Hon. Mr. Henderson: Yes. We are going the other route.

Mr. Allan: The guy who owns the farm and who has been running the damned thing all these years catches open the door for us.

Mr. G. I. Miller: How many farmers are there in Ontario? Is it 80,000?

Hon. Mr. Henderson: That is what I said to the press. Some of us might say 75,000, while others might tell you there are 125,000; so I didn't quote the 1,100 that Duncan quoted tonight. I said about one per cent.

Mr. G. I. Miller: When you review it, are you looking at the farm equipment dealers too? From the two presentations made yesterday, I think maybe they are in a more difficult position than anybody else. I just wonder if the minister has given that any consideration, because it is a service industry to general agriculture.

Hon. Mr. Henderson: We are fully aware of what you are saying. It is equally tough on the farm dealers.

Mr. G. I. Miller: Are you planning on supporting that aspect of it as much as the farms?

Hon. Mr. Henderson: Mr. Chairman, I didn't know we gave any commitment along that line.

Mr. MacDonald: He's not sure about the farmers, let alone the dealers.

Mr. G. I. Miller: You are trying to be supportive through the feds anyway, are you not?

Hon. Mr. Henderson: As the deputy said, we are going to make the federal government aware of what our survey tells us.

Mr. Chairman: Have we covered all the—

Hon. Mr. Henderson: Have I answered you, Mr. MacDonald, as to the sequence?

Mr. MacDonald: I think you have answered me as far as you can, but I just pointed to what I see as a very inadequate situation in terms of having the basic information.

Hon. Mr. Henderson: When I was here last Thursday night, we didn't have the report, but I read it Friday morning.

Mr. Chairman: I wasn't here Thursday night, and I asked the question out of that.

Mr. MacDonald: We are now ready to go to vote 1901, item 2.

Mr. Chairman: There is nothing else the minister was to bring back relating to item 1?

Hon. Mr. Henderson: I think we have covered everything.

Mr. Chairman: Are there any questions about vote 1901, item 2?

Mr. Riddell: We carried vote 1901, did we?

Mr. Chairman: I understand it was carried last Thursday, subject to—

Mr. MacDonald: We carried vote 1901, item 2. Now we are at vote 1901, item 2.

Hon. Mr. Henderson: When we adjourned last Thursday night, we tried to carry all the votes, but we only carried vote 1901, item 1.

Mr. Chairman: Right. Any questions about vote 1901, item 2?

Mr. MacDonald: Maybe your best procedure here, Mr. Chairman, if I may presume to make a suggestion, is like that used when we are dealing with bills. What is the next question that has to come up? As far as I am concerned, it is item 5.

If there is nothing before item 5, you go to item 5. That carries everything in the intervening period.

Mr. Chairman: Fine. Are there any questions before item 5?

Item 2 agreed to.

Items 3 and 4 agreed to.

On item 5, information services:

Mr. MacDonald: I would like an explanation as to how in an age of restraint, when the Ontario Energy Board is browbeating Ontario Hydro for its expanded public relations programs and so on, you can justify going up by \$500,000, from \$1.8 million to \$2.3 million, on your information services?

I discover, as I look at the next page of this rather detailed breakdown you have given us, that the category of publications and information went from \$840,800 to \$1,021,500, which accounts for \$181,000 of the \$500,000. Graphic arts services have gone up about \$50,000. Audio-visual—this is where the real increase is—went from \$376,700 to \$646,500.

Hon. Mr. Henderson: Don is my director there. Does he want to answer any of Mr. MacDonald's questions?

Mr. Beeney: Most of those increases were for replacement of equipment.

Mr. MacDonald: You mean you spent \$270,000 on audio-visual production services replacing equipment this year?

Mr. Beeney: Most of it.

Mr. MacDonald: Really?

Mr. Beeney: Yes.

Mr. MacDonald: Boy, you must have been running on old equipment.

Mr. Beeney: It only lasts a certain length of time. And we are into a lot of farm programming now. It is required to get a professional product for television. So we had to replace a lot of the old stock.

Mr. MacDonald: Fifty thousand dollars in graphic arts services; I suppose that is related to your audio-visual stuff?

Mr. Beeney: In a sense, the increase in printing and publications is involved in that.

Mr. MacDonald: What has happened in your publications and information category to take it up \$181,000?

Mr. Beeney: We got into some French translations of two or three of our major publications.

Mr. MacDonald: About half of it, I understand, is in the replacement of equipment. I recognize that equipment has to be replaced, but I am a wee bit puzzled as to why they had such a massive breakdown in one year.

Mr. Beeneey: With a lot of our audio-visual equipment we went from half-inch videotape to three-quarter-inch professional tape. That is very expensive. But we are committed to farm programming on a number of stations; so it was required.

Mr. MacDonald: Okay, Mr. Chairman.

Mr. Riddell: Mr. Chairman, I think this comes under information services. We get a lot of information from this ministry, ranging all the way from appointments of deputy ministers to how to buy a winter coat.

Hon. Mr. Henderson: You will need one shortly.

Mr. Riddell: How much money are you spending? I say to the minister, you'll have a hell of a time justifying to farmers how you can come out with this stuff and spend the money and yet have nothing for the farmers who are encountering difficulties.

Hon. Mr. Henderson: Mr. Chairman, I do not accept that. We have put \$45 million into estimates for the beef and pork industries, and the member says we have done nothing. He knows better.

Mr. Riddell: Ad hoc Band-Aid programs; that is all they are.

Hon. Mr. Henderson: No way; \$45 million is still a lot of money in my book.

Mr. Riddell: Go out and talk to the cattle operator and see what he has to say to you. If you want to get down to that, why did you give money to the guy who sells feeder cattle but you seemed to forget about the fellow who raises the calves?

Hon. Mr. Henderson: Talk to your federal colleague. He is the one who is interfering with the calves. Talk to him.

10:10 p.m.

Mr. Riddell: If you want to talk about ad hoc, Band-Aid programs, let's talk about them. But right now, I am asking how much money is being spent and where this information goes. I suppose every member of the Legislature gets it, and every ag rep's office, but where else does it go?

Mr. Beeneey: We have about 3,000 people—newspapers, radio stations and interested

people—who want to receive our information material; so we send it out to them in a weekly package. We canvass them from time to time, and it is very popular. We have reprints from the newspapers; so we know it is being used.

Mr. Riddell: Have you any idea what this is costing?

Mr. Beeneey: I do not have a specific breakdown of the actual news release system costs at this time, but I am sure I could get it for tomorrow.

Mr. Riddell: On the last one that came in, on how to buy a winter coat, I had a constituent put a comical little remark on the top of it, saying, "This is surely worth a question in the Legislature to the minister."

Mr. Stevenson: It is almost as ridiculous as some of the things you say.

Mr. Riddell: Maybe you would like to elaborate on that. Or will I talk about you and the power struggle that is going on for the minister's job? Do you want to get into that? You started to respond for the minister the other day. Don't you start, my friend, or we'll—

Mr. Stevenson: You lost me on that one, anyway.

Mr. Riddell: You certainly did lose on that.

Mr. MacDonald: Mr. Chairman, on a point of order: When I was quoting some criticism of the minister and I was accused of being personal, the Liberals all agreed I was being personal. I am glad to see they never launch personal attacks.

An hon. member: We were provoked.

Mr. Riddell: Some of it is a wee bit ridiculous. I think we are insulting the intelligence of average people of Ontario when we start putting out this kind of stuff advising a person how to buy a winter coat. I would think we would want to be a little more selective about the kind of material that is put out. If I have a chance to speak, say at a women's institute meeting, I am going to take that with me. I am going to read it to them and then I am going to ask them what they think.

Hon. Mr. Henderson: That's where the request came from. Let the director answer you.

Mr. Beeneey: I must say a lot of this material is pretty well received by the weekly papers, and they do print it.

Mr. Riddell: I would like to see that one printed. Have you seen that one printed in the paper?

Mr. Beenev: No. To be honest, I have not.

Mr. Riddell: Okay. That's all I want to say.

Hon. Mr. Henderson: Mr. Chairman, I want to respond a little more to the honourable member. There is a paper that has a pretty good circulation in that member's riding, and its editor tells me he gets more input from one of the western provinces' communications than he does from us. He was criticizing me for not publishing enough.

Mr. Riddell: What was that again?

Hon. Mr. Henderson: The editor of a paper within the area you represent told me he gets more information out of one of the western provinces than he does out of us. He told me we did not do enough.

Mr. Riddell: Well, you had better get on the bandwagon then.

Hon. Mr. Henderson: You are criticizing us for doing too much. He in turn told me we are not doing as much as some of the western provinces.

Item 5 agreed to.

Vote 1901 agreed to.

On vote 1902, agricultural production program; item 1, administration:

Mr. MacDonald: I have some questions on item 2 if there's nothing on item 1.

Mr. Chairman: Is there anything on item 1?

Mr. MacDonald: There are two new items in item 2.

Mr. Chairman: I don't want to rush too fast now. If we can finish them all tonight, fine.

Mr. MacDonald: We'll have time to go and visit Kemptville.

Hon. Mr. Henderson: Do you want us to bring the Ontario Milk Marketing Board in for some of these?

Mr. MacDonald: Let's finish the estimates.

Hon. Mr. Henderson: It is part of the estimates.

Mr. Riddell: Under what item can we discuss reservation of food land? I am sure it doesn't come under this vote.

Mr. MacDonald: Is it under food land development?

Hon. Mr. Henderson: It doesn't matter.

Mr. MacDonald: Food land development is in item 2.

Hon. Mr. Henderson: Or under item 5, assistance to primary food production. I would suggest item 5.

Mr. Chairman: It would be under item 5.

Hon. Mr. Henderson: Crop insurance is a big item before we get to item 5. I wonder if there are any questions there, Mr. Chairman?

Mr. Chairman: No, there are questions on item 2. Are there any questions on item 1, administration?

Item 1 agreed to.

On item 2, advisory services:

Mr. MacDonald: There are a couple of new services in this item. Energy management in agriculture is new, as is productivity in agriculture. They have emerged as totally new designations here, with \$500,000 or more in energy management and \$183,700 in productivity in agriculture.

Hon. Mr. Henderson: Mr. Chairman, Dr. Rennie will answer this but, as you will remember, we did announce in the throne speech a year ago or this year that we were setting up this energy management program, and Mr. Brubaker is its director. It is a small branch at present.

Mr. Allan: Are you interested in what we are doing or in how we are trying to proceed?

Mr. MacDonald: I have heard of a joint committee with the Ministry of Energy to review energy use, which is obviously very intensive in the agricultural front. Is that what is in here?

Mr. Allan: As you know, there are task forces or special committees working on greenhouses and energy in agriculture in its total sense. The Minister of Energy (Mr. Welch) and the Minister of Agriculture and Food commissioned a study that has broadly based participation to see how important it is.

About 18 per cent of a farmer's costs are locked into the energy input. It is something of that dimension, 18 or 19 per cent, which puts them in the top end of energy users as compared to industry in other sectors. With the national energy program, that amount of their costs is going to rise rather dramatically, and we are looking for conservation alternatives, all kinds of retrofit suggestions and so on.

We are working with the Ministry of Energy in two ways. There is a pot of federal money under something called a bilateral agreement announced by Mr. Auld, the former Minister of Energy, some two and a half years ago. There is an evaluation procedure and federal funding,

along with Ontario funding, in support of demonstration projects. That is slow going. We have had a few projects, but it is very slow going. The ministries have put in \$500,000, and the Ministry of Energy has some money in its current budget to try to do something a little more substantive.

We have a number of projects. I have a listing here of 18 specific projects that are being worked on currently by this group. We are really the people who are going out to find the projects and test them; we are trying to find something that might be workable. Then we go and sell it to the Ministry of Energy, because they have the essential funding. We do the studies, the suggestions, draw up the contracts and the negotiations, but they have to come along with the funding. That is the way it works in most of these areas, because they are the central co-ordinating ministry.

We have a number of projects. The thing started out as a big initiative for this ministry only in this fiscal year.

Hon. Mr. Henderson: I think the man who might be acquainted with this started nearly a year ago.

Mr. Allan: Approximately a year ago.

Hon. Mr. Henderson: We could get you the date, but let's say it is about a year ago we brought Mr. Brubaker in.

Mr. MacDonald: Let me ask you this: Are you trying to get a clear picture of the amount of energy used in agriculture and whether some of it is not necessary and might be replaced or are you trying to develop more efficient use of energy in agriculture?

10:20 p.m.

Mr. Allan: The latter. The data base, or the foundation of fact for policy formulation—how serious is it, what can we do about it—is a function of that particular review committee, which has a lot of farmers on it. It is in its final stages. It will be ready, and it has to be tabled in the Legislature presumably in this sitting. That gives you the background, the facts, and a fair number of suggestions.

Hon. Mr. Henderson: Do you remember when I announced the appointment of the two deputies in energy? That report is almost ready. I want Mr. MacDonald to know that I got a pretty full report from across the river on gasohol plants and what have you. I found they had some good information. Farmers have talked to me. Some of them have little plants.

Mr. Riddell, you have a major plant in Huron county. There is another one north of Toronto. There was nobody co-ordinating this effort.

Mr. MacDonald: When you say "across the river," do you mean in Quebec?

Hon. Mr. Henderson: No, no; Michigan. Across the border; I hesitated to say Michigan, because it goes on over into another couple of states. I had a very thick brochure on it. I do not think I ever read it all, but I read quite a lot of it. I felt there was enough information out there for somebody to co-ordinate it. Somebody should put it together.

I know a farmer in Kent county. He is in Mr. McGuigan's riding. He said: "We produce a lot of corn. We have a large farm full of pigs. We are ready to spend \$50,000 on a plant. What do you have to help us?" We really did not have a department. That is the type of inquiry we had.

Mr. MacDonald: I have been looking through my papers here. I get lost in my own collections sometimes. I remember a clipping, but I cannot put my hands on it here.

Somebody in the co-operative field was arguing that farmers could produce with a small proportion of their crop—I am glad Jack Johnson is not here—most of the energy they needed. He was suggesting that, if money were available for co-operative distilleries that would take in a certain area, they could produce their own energy for their farms with the surplus products they were not able to sell or to get an appropriate return on.

We now know that in our neighbouring province of Manitoba they have now reached the point of opening up across-the-province gasohol distribution.

Hon. Mr. Henderson: You know we have a grant program. I have no idea how many grants are out on this. Does anybody know?

Mr. Allan: I think there have been about eight specific firm deals where contracts were finalized.

Hon. Mr. Henderson: These are for people who are going to put together a plant. One major company is going to put through small potatoes for their protein. They are processing them, and they get the gasohol out of it. Then it will go for concentrates for the feed.

Mr. MacDonald: Have you had any presentations from the co-operatives—as with this clipping I cannot lay my fingers on here—for the idea of developing regional distilleries that would encourage farmers to produce their own energy?

Hon. Mr. Henderson: I have not had any from co-operatives, but I have had individuals who have come to me. As I mentioned, there is a farmer in Kent county, in Mr. McGuigan's riding—I do not think Mr. McGuigan wants it spread around; and he is a good farmer—who said: "Lorne, I have \$50,000 to spend. With my hog operation and my corn operation, I think I can supply gasohol for a half a dozen farmers round me." That is in the form of a co-operative.

I have had several people say that to me, but we were without any information. The original idea—and it has developed into something much bigger—was that we would co-ordinate the information and give it out to the farmers through our agricultural schools. It would be available through them in a technical way.

Mr. MacDonald: It seems to me that assistance for co-operative development and some leadership is part of the off-oil program, for example. Maybe it does not come to you; it may go to the Ministry of Energy. If there were any potential—and they were certainly arguing the case that there was—that farmers could produce most of their own energy with a relatively small proportion of their crop perhaps grown specifically for that purpose, you would have a really effective overall program, because we all know agriculture is one of the most intensive users of it.

I also wonder, if I may come back to your deputy minister's bailiwick, whether it is not an appropriate area for the Board of Industrial Leadership and Development.

Hon. Mr. Henderson: Wait a minute. Mr. MacDonald, we have a grant now, as you know. I had an individual drive into my place from Chicago one day. He told me he would like to get a plant together up at the Bruce generating station, a plant to make gasohol. He said, "We can grow the corn in that area, and I could use a million bushels a month for gasohol."

There are all kinds of people out there who are ready to look at it, but we have nobody to do it and that was the reason we really wanted to follow up.

I will let Mr. Allan answer about BILD.

Mr. Allan: I am trying to get a handle on it, and anything that happens between several ministries always takes a lot longer. There are sensitivities, people to be stroked and so on.

Mr. MacDonald: That is quite a statement.

Mr. Allan: That is the way it works. It is very accurate. I love the forthrightness. I am trying

to get a handle on it because, as you have said, it seems to me that is a major sector that is energy-intensive relative to just about any other sector.

Other than petrochemicals, I cannot think of any other industrial sector that has 18 per cent of its input costs locked into energy. The norm is five, six or eight per cent for manufacturing. Wages are far more important. It might go as high as 25 per cent to 30 per cent four or five years down the road under the national energy program with the price escalations that have been negotiated. That means it is imperative not only that we have programs, but also that farmers economize on that input as they would in any other area, feed or anything else.

Indeed there is a role for leadership. Maybe we are coming to it too slowly—to the basic report that says: "Here is what is out there. Here are some things you should be doing and looking at." Frankly, from my other emanation in BILD, I am not as persuaded about the gasohol thing as a lot of people are. Texaco just pulled out of it today in the United States, in case you do not know. They are closing up every gasohol unit they have. Everybody who is in that business in the United States—in fact, right from New York state across—is pulling out, because nobody buys it and there is no money to be made from it.

Mr. MacDonald: You mean they are ahead of the—

Mr. Allan: The cost of production now, to put 10 per cent alcohol in with gas and sell it, is just not competitive with regular gasoline. No matter what one is doing, one has to give it a tax break in terms of the fuel tax. The consumer uptake has been very slow, although it started with a boom, I think, in Illinois, Iowa and Nebraska. There may be some other features but, in terms of having a major company like Texaco out there retailing the product and then backing out of it, I think you ought to take a hard look at whether propane, methanol or some other—

Mr. MacDonald: Have you any update directly on the situation in Manitoba? I have been hearing about this for a long time.

Mr. Allan: I will get one for you.

Mr. MacDonald: I heard three weeks ago that they had just started opening up. How long have they been in the game?

Hon. Mr. Henderson: A year ago last month; I was out of the country, but my deputy minister at that time went to the opening of the plant in

Manitoba. That was the official opening of the plant, I believe at Brandon. Was any of my staff out to that? It was only my former deputy minister who went. But you are right, there is a plant in Manitoba.

Mr. MacDonald: If this is a wild goose chase—

Mr. Allan: I did not say that. I said I was sceptical, because I do not know anything about it.

Hon. Mr. Henderson: We are getting near adjournment. Why do we not bring Mr. Brubaker over in the morning? Does anybody know if he is around? How about if we bring him over, open with him in the morning and let you people throw your questions at him.

Mr. MacDonald: Frankly, I think this is an important area, and if there is an area to explore where leadership can be taken here or in conjunction with the Ministry of Energy—

Hon. Mr. Henderson: Let us go for one second to the productivity. Dr. Rennie, do you want to speak to that?

10:30 p.m.

Dr. Rennie: For some time, my feeling on the alcohol aspect has been similar to that of our deputy minister. That is why we are looking at it. The part of the budget item you made reference to is the Energy Management Resource Centre with the six specialists, one of them specializing in looking at the feasibility of energy crops and all components of it.

Mr. MacDonald: That is what the productivity in agriculture is?

Dr. Rennie: Part of it.

Mr. MacDonald: I see.

Dr. Rennie: Part of it, along with the grants that Mr. Allan referred to.

Hon. Mr. Henderson: Dr. Rennie, I was thinking of a college that we went to a month ago. There was a productivity centre there. It was at New Liskeard.

Mr. MacDonald: All I am referring to is productivity in agriculture, the fifth item in item 2 of vote 1902.

Dr. Rennie: I was just getting back to the energy aspect in that we have significant projects on methane production, both from a research point of view and on the basis of the farm scale size as well, to see if it is economical. I think it is still questionable, too, but we have the kind of facility at Guelph now, in the swine unit at our Arkell Research Station, where we

will know within a year whether that is economically feasible at all with our farm scale unit.

The productivity centre is a different matter but we have established the Northern Ontario Resource Centre, which is looking at a further thrust to have findings and to have a centre that will concentrate on looking at the potential for food production across northern Ontario.

Mr. McGuigan: I think all of us are concerned with this alcohol question, but I raise the question that, if we spend much time on it, given the limited time we have for the whole estimates, we are going to pass by a lot of important items, marketing for one.

Hon. Mr. Henderson: We had half an hour for the last three major votes. We spent the full time on the first vote.

Mr. Allan: We should have two hours on marketing, to be fair.

Hon. Mr. Henderson: We are at your disposal. If you would prefer not to bring Mr. Brubaker—

Mr. MacDonald: I think we would like to hear him, but there are quite a few other things.

Hon. Mr. Henderson: I think it would be nice to spend half an hour with Mr. Brubaker or whatever you want.

Mr. MacDonald: I think we are maybe with reaching distance of a point where we should look down the road in terms of how many hours we have and do a rough allocation for each estimate. I certainly think that we can spend half an hour with Mr. Brubaker; that still will leave us two and a half hours tomorrow morning, as well as Thursday evening and next Tuesday night. There are lots of two-hour periods there.

Hon. Mr. Henderson: I would really like you to spend half an hour with Mr. Brubaker. Personally, I think it would be beneficial.

Mr. McGuigan: The thing that bothers me about it is that I do not think anybody knows yet. There are so many damned conflicting statements. There is one that just came out today. It says that to supply 10 per cent of the alcohol required on Saskatchewan farms would take four per cent of the land. To take 100 per cent of the requirement would take 40 per cent of the land.

They do not provide anything to back it up. Someone else could come in and give us another figure and not provide much to back it up. We just do not know where we are going in this deal. We have had experience in marketing for

ood many years, and there are probably things
at need attention. I just resent the time.

Hon. Mr. Henderson: I think Mr. Brubaker
ould help us on that. That is his specialty.

Mr. MacDonald: Let us have half an hour
ith Mr. Brubaker then.

Hon. Mr. Henderson: If you want to set a limit
f half an hour, fine.

Mr. McGuigan: Make it half an hour on
ergy in total.

Hon. Mr. Henderson: Ten o'clock tomorrow
morning, Mr. Chairman?

Mr. Riddell: I know there is going to be a fair
discussion tomorrow morning on food land
development, which comes under this vote.

Hon. Mr. Henderson: Wait a minute. Food
land development or food land guidelines?

Mr. Riddell: Food land guidelines.

The committee adjourned at 10:34 p.m.

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Alan, D. M., Deputy Minister

Penney, D. W., Director, Information Branch

Fennie, Dr. J. C., Assistant Deputy Minister, Agricultural Education, Research and Services Division

Sencer, V. I. D., Director, Food Land Development Branch



Ontario

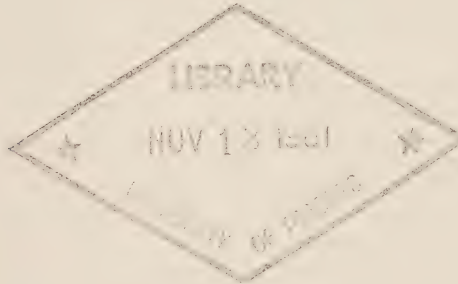
LEGISLATIVE ASSEMBLY

No. R-8

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Agriculture and Food



First Session, Thirty-Second Parliament
Wednesday, October 21, 1981

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, October 21, 1981

The committee met at 10:08 a.m. in room 228.

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD

(continued)

On vote 1902, agricultural production program; item 2, advisory services:

The Vice-Chairman: I see a quorum.

Hon. Mr. Henderson: Mr. Chairman, I know all the members will want to get on with the job. Dr. Smith, you were not here last night but it was agreed that we would spend a half an hour on energy management. We are open to you people. I suggest Mr. Brubaker could take about 10 minutes and then let the Liberal Party have 10 minutes, the New Democratic Party 10 minutes and our members, I know, will want a few minutes in there.

Could we extend it, if need be, to 40 minutes, giving the Liberal Party 10, the NDP 10 and then we would be open to everybody for 10 minutes? That would make 40 minutes. If you people want a part of it we do not mind, but we are just trying to keep order. I am in your hands.

Just to repeat it for Mr. MacDonald. Mr. MacDonald, Mr. Brubaker is here. Dr. Smith is representing John Riddell this morning. I suggest that Mr. Brubaker would make a 10-minute opening statement. I suggest that the Liberals take 10 minutes for questions and answers, the New Democrats take 10 minutes and then there could be 10 minutes for our party if the time is needed. That would make 40 minutes.

Last night we agreed on 30 minutes. Mr. MacDonald, correct me if I am wrong, but this is the only commitment that I gave last night as it not? Yes, so we are right up to date.

10:10 a.m.

The Vice-Chairman: Last night we did mention the situation about time. Very generally, we have approximately four votes to do and we have eight hours left, so a very rough rule of thumb is two hours per vote. One vote is somewhat shorter and may take a little less time, so we can keep that in mind. But as we go through here I would ask the members of the committee to watch the situation so we do not

get caught on the last night trying to race through a number of programs.

Hon. Mr. Henderson: Mr. Chairman, when does crop insurance come in? Is that one of the last ones?

The Vice-Chairman: It is in this vote.

Hon. Mr. Henderson: It is in this vote, so we will not get up against it on the last night.

Mr. Brubaker: Mr. Chairman, ladies and gentlemen, I think we can say that energy costs to farmers are rising very quickly. We realize that. That occurs not only in the fuel they buy—diesel fuel and gasoline—but it shows up in fertilizer costs, pesticide costs, electricity costs and all of these things that have high energy components.

In 1980, according to agricultural statistics, if we total energy costs they were 18 per cent of operating costs of farms across Ontario, and were the second highest in 1980 of all costs; crops and feeds being the highest, energy costs being next. Interest may possibly go higher in 1981 because of very high interest rates, but I expect that energy costs in the future will again surpass interest costs, although probably not in 1981.

The feedback we are getting is that farmers are very concerned about this rapidly escalating cost as well as potential shortfalls of energy that might occur, because agriculture today is very dependent upon energy—fuel for tractors, fuel for combines—and if shortfalls should occur during critical seasons, such as harvest and planting seasons, they could lose a complete crop.

What we are trying to do in the energy centre is look at several ways to help farmers manage this energy situation. We are looking at conservation, and this is one of the most effective payback means in the whole energy field. Energy can frequently be conserved with minimal cost, and as we find new methods and techniques it goes on for many years.

Another thing we are looking at is alternative fuels, alternative energy sources. Can we use manure instead of nitrogen fertilizer? Can we look at certain nitrogen-producing crops instead of nitrogen fertilizer? Can we even look at

burning biomass, straw, corn stover and so on, to get heat for drying crops rather than using natural gas or propane?

The third thing is production of fuels. Here we are looking predominantly at the fuel alcohols and the vegetable oils that can be burned in mobile engines, tractors and this area.

In this regard we have five energy specialists in the field. They are located in southern Ontario, from Kemptville to Ridgeway basically. We are asking these people to go and search out innovative farmers who are willing to make some changes involving some energy management aspect of their farm. It may be in the conservation field, it may be in the fuel production field, it may be in an alternative fuel field.

We want to work with these farmers very closely to help them get a good system for energy management, to help them set it up and get it going—and I mean financial as well as technical help—then monitor the results. It would then be useful to take this information to other farmers across the province.

By doing demonstration work—it is not pure research work in any sense of the word; it is more on-farm demonstration work—we hope we can achieve some of these goals of getting good data that will be useful to help us to make recommendations to other farmers. We will be publishing it in various formats, predominantly through the Ontario Ministry of Agriculture and Food, information branch. So this information will go out in the form of what we call fact sheets; this type of information as well as more technical information that will go to the OMAF offices so that they can use that in guiding farmers in making decisions.

We are working on all aspects of it around farm buildings, livestock buildings, horticultural buildings, storages in particular—we think there is real potential there for energy saving or energy management work—in field crops, not only in the use of tractors and so on but the use of fertilizers, herbicides and pesticides and in the processing of these crops, particularly when it comes to grain drying.

I think I can leave it at that. We can give some specific examples of these things if you are interested in them. Some of the examples may come out in the question period, and if there are questions we can use some of the examples to show what we do.

Mr. McGuigan: Mr. Chairman, I think it is a good approach to go to the innovative farmers and try to prove it on site, but has the centre gone through the computer models and settled

this question of whether there are net gains to be made in converting biomass to alcohol? This argument is raging and no one seems to have the answer. One person says there are great gains, another says there are losses, so where do we stand there?

Mr. Brubaker: We haven't gone through the computer programs ourselves. We have read a lot of literature on that. If we look at alcohol and its uses, as an example, ethanol I will talk about because this is something we can use crops for. If we look at all the energy inputs into, for example, corn production, and then take that grain corn and manufacture it into ethanol, there is no doubt that there is a serious energy loss. In fact, we would probably get less than half of the energy out that we put in, if we look at the energy of fertilizer, herbicides or pesticides. There is energy input in machinery, manufacturing the machinery; because it does wear out, it takes energy to manufacture, energy to operate it, to truck it and so on.

On the other side of the coin, in alcohol it is a fact that we are taking a relatively good resource, natural gas, which is not a particularly useful fuel for mobile equipment, and converting that into a fuel that is extremely useful in mobile machines.

We do realize there is an energy loss in making this change, to change something from a less useful fuel—and even burning corn stover to run these stills; corn stover is not a particularly useful fuel in running tractors, trucks or anything like that—and converting it into a fuel that is particularly useful.

Hon. Mr. Henderson: Let me just clarify one of your words. Did I just hear you say to use corn to make methanol?

Mr. Brubaker: No, ethanol.

Hon. Mr. Henderson: Oh, okay, that corrects it. I misunderstood what you said.

Mr. Brubaker: Ethyl alcohol, as opposed to methanol.

Mr. McGuigan: So we are talking of converting one form of energy into a more useful form and you are really saying that argument of net loss is not that important.

10:20 a.m.

Mr. Brubaker: It's there. If we were to look at only the liquid fuels used—for example, the diesel fuel or the gasoline used in tractors and combines—and compare that to the amount of alcohol we get out, there is a real profit to be made. In other words, we would probably get 10

times as much liquid fuel out as the liquid fuel we burn. But if we look at all energy inputs there is a loss.

Mr. McGuigan: Getting into another field, how do you compare that with changing natural gas to a more useful form? How about using natural gas directly in these vehicles and not suffering the loss? Have you looked at that aspect?

Mr. Brubaker: Yes. Natural gas is an extremely good fuel in a normally aspirated engine—an engine that burns gasoline, has a carburetor, spark plugs and so on. In a stationary engine, if we can pipe that natural gas to that engine it's an extremely good fuel.

Mr. McGuigan: You can't beat it.

Mr. Brubaker: You can't beat it. It's a clean-burning fuel and there are very few problems with it. When we try to put that on to a mobile vehicle, you can't run an umbilical cord or a pipe out to the field or the road. You can't get enough by just compressing that natural gas into a usable form—even compressing it to several thousand pounds per square inch, which takes a very strong cylinder. There are 10, 12 or 15 times as much energy—and I'm fishing a little bit for figures here—in a cubic foot of liquid gasoline as in a cubic foot of compressed natural gas as a compressed gas.

Natural gas can be liquefied, but only under very high pressures and very low temperatures. If we could liquefy it easily, as we can propane, then we would have a very useful fuel for mobile vehicles. But as a gas it's not a particularly good fuel for mobile vehicles: it takes such enormous containers to hold enough fuel to travel very far.

Mr. McGuigan: So the real argument is coming down to getting an easily contained, useful fuel; ensuring that, even though it may be converted from something else and there may be a loss, you get something practical and usable.

Mr. Brubaker: Yes; so that it can be managed and used—handled.

Mr. McGuigan: So some of these other arguments are more academic than anything else.

Mr. Brubaker: Yes. Well, there's a lot of basis for them; they're not false by any means.

Mr. McGuigan: It helps me in my assessment of the problem.

Mr. MacDonald: Mr. Chairman, I have no desire to take a 10-minute period at some later date on a statement. I just want a brief

introduction to one or two questions here. Perhaps I can roll them all together for whatever portion of the time is available to me.

As I understand the approach of the ministry, and particularly the work Mr. Brubaker is involved in, your initial thrust is that you want to have more efficient use of the energy that is available now—conservation, as it is normally known. Fine.

Second, related to that is this rather fascinating, titillating proposition that if we have a lot of waste heat we can use it for shrimp farming, which I find credible and interesting enough. My only objection is that when one of the minister's speechwriters starts talking about having a little nuclear plant in Kingston, Belleville and everywhere else to produce the—

Hon. Mr. Henderson: That was the minister, not a speechwriter.

Mr. MacDonald: Was that the minister?

Hon. Mr. Henderson: That was the minister, yes.

Mr. MacDonald: I'm glad the blame doesn't have to be shared by Don Beene and some of the others; just you.

Hon. Mr. Henderson: It's the minister's statement only.

Mr. MacDonald: Right. Well, that's the fanciful part. You have read *Amateur Economics* or *Technicians* or whatever they call that magazine on that. I think that's too far down the road to be credible at this point.

However, the point I wanted to get at—I raised it yesterday and I found my clipping in the interval—is that there was a three-day conference at Guelph last January. Peter Southwell, a University of Guelph engineer, opened the conference, and people from Ottawa were involved in it. Let me read one or two paragraphs here:

"Southwell told 150 farm delegates that technology, although expensive, is available to produce grain alcohol (ethanol) for engine fuel and methane (from manure) for heating fuel. 'If you take eight per cent of your grain crop for production of ethanol you'll be energy self-sufficient.' The byproduct of distilling is high-protein animal feed, he said."

So not only have you got energy self-sufficiency by using eight per cent of your grain crop but you also have a high-protein quality feed afterwards.

The article goes on, "He suggested the most economical and efficient system would be for about 20 farmers to form a co-operative distillery."

Now I am back to square one as to whether or not this isn't a point for leadership on the part of this government. If it is true that farmers can become energy self-sufficient with the use of only eight per cent of their crop and the development of a distillery for 20 farmers on a co-op basis, through the Board of Industrial Leadership and Development, through co-ops, through whatever you will—the off-oil program and the grants that are available in it—I would like to throw a general question on this at Mr. Brubaker and ask more particularly what his view is on the counterargument that it really isn't yet economic, that we have got to wait until the national energy policy has oil up another 50 per cent before ethanol will become economic.

Mr. Brubaker: Yes. Professor Southwell is doing a tremendous amount of good work in these alternative fuels; he is knowledgeable not only in alcohol but also in methane. He is doing a lot on the vegetable oils. I know him well, and I have a lot of confidence and faith in him.

When he talks about energy self-sufficiency using eight per cent of the grain crop he is talking only of the liquid fuel portion of it. He's not talking about the energy that goes into fertilizer; he's not talking about electricity, for example; he's talking about the liquid portion.

Mr. MacDonald: To replace oil.

Mr. Brubaker: To replace the oil used in the tractors and combines and that type of engine. And he is very right with that figure. Eight per cent, nine per cent, seven per cent: it's an accepted figure right in that range that you can grow, on less than 10 per cent of your land, sufficient liquid fuels by the conversion of these crops to produce another crop, and so on, to replace the liquid fuel that a farmer might buy.

In regard to his comment that we should go to a co-operative type of venture if we go the alcohol route—and I'm not confident that's the best route in my own mind—I think it's going to work better on a co-operative basis than on an individual farmer basis. At present we have two farmers with stills on their farms now, that I am aware of.

Interjections.

Mr. Brubaker: One is Philip Durand, a prominent bean grower about 20 miles south of Goderich on Highway 21 on the west side of the road. He has a still that he has pretty much designed himself on the basis of reading and work he has done. He has operated it a certain amount at this time, testing it and trying it, and has produced some 160-proof alcohol out of it,

which will burn in gasoline-type engines very effectively. He is still fine-tuning it. He has a licence for it and is operating quite legally.

The second man is Leslie Adamkewicz. He has a Bright address in Oxford county, almost midway between the village of Bright and the town of Paris—in that area. He has a unit that he is at present setting up on his farm, and he will probably be operating it by about the end of this month. He hasn't had it operating yet.

Mr. G. I. Miller: Is Richard Thomas not on your list? I think he started with much publicity; we hear the still is operating, which he claims can make fuel out of Jerusalem artichokes for 30 cents a gallon. Are you not working along with him?

Mr. Brubaker: We are not working with Richard.

Mr. G. I. Miller: Just because he happens to be on the opposition side. I don't think you want to go around the fact that he does have a lot of expertise. There is a lot of future in the north to utilize—

10:30 a.m.

Hon. Mr. Henderson: I was under the impression he was on our side.

Mr. G. I. Miller: Well, I think he's on the side of the people.

Mr. MacDonald: Don't look now, but your paranoia is showing, Gordon.

Mr. Brubaker: I have not personally visited Richard Thomas. One of our engineers from North Bay worked with him and has talked with him, discussed it with him and so on. Mr. Thomas has certainly received a lot of publicity. He is producing alcohol in extremely small quantities. It's not something that—

Mr. G. I. Miller: He probably went more miles than anyone else in Ontario.

Mr. MacDonald: Have they cleared up the legal tangles in connection with him?

Mr. Brubaker: I think so, as far as I can determine.

Mr. MacDonald: I mean generally, so that nobody else is going to get into into that silly kind of legal snafu.

Mr. Brubaker: Yes. Certainly the law has been changed very considerably in this regard.

Hon. Mr. Henderson: Dr. Rennie would like to make a comment to Mr. Miller on this.

Dr. Rennie: Mr. Chairman, on the Jerusalem artichokes there's no question about how that plant can grow. The problem with it is that at the

present time we don't know how to kill it, should we ever want to get rid of it. It's a real weed, so we want to be a little cautious on that particular thing. There's no question about how it can grow and produce tremendously, but—

Mr. G. I. Miller: If it grew too much we would have too much alcohol?

Dr. Rennie: So we have to watch that one.

Hon. Mr. Henderson: Mr. Brubaker, I would like you to enlarge a little on the still here in Huron county. How many gallons of gasohol will a bushel of corn make? What is the ratio? What is the power generated by a gallon of gasohol as compared to a gallon of gasoline?

Mr. Brubaker: Okay. Good questions.

Hon. Mr. Henderson: Ethanol.

Mr. Brubaker: Ethanol. Under the very best conditions we can get about two imperial gallons of 200-proof ethanol out of a bushel of corn; under practical conditions it is probably 50 per cent less: 1.8 gallons and so on.

To compare that to gasoline, gasoline has more energy per gallon than ethanol, probably 5 or 30 per cent more energy; but if we start producing engines designed to run on ethanol—we have them now—we can get about the same amount of mechanical work, or miles per gallon, out of ethanol as we can out of gasoline, because we take advantage of the much higher octane rating, the lower burning temperatures and so on. To put alcohol through a gasoline engine produces a drop in mileage if it's a car, or horsepower hours per gallon and so on. But in an engine designed to use it, it can be very efficient.

There is one comment I wish to make on why I think a co-operative would be ideal. We are finding that operating a still of a commercial size that will produce more than a gallon an hour, or something like that, requires a lot of technology in microbiology, in cleanliness, in mechanical engineering, things to keep this unit operating. A still is a very sensitive little machine to operate to make it run efficiently and get the most out of it. I think that co-operatives working together will then hire several people, who would become very knowledgeable and whose full-time job would be to operate that still. I think that's a much better route to take if we go the alcohol route than to have individual farmers do the same, in spite of what Mr. Thomas does.

Mr. MacDonald: What about the relative costs? What are your reasons for your reservations about going the alcohol route?

Mr. Brubaker: I have several reservations about going the alcohol route. One is that the majority of tractors—and we are getting into combines now—are diesel engines, not gasoline engines. And it's a major job to convert a diesel engine to run on alcohol. Farmers are really looking for fuel to replace diesel fuel more than they are gasoline fuels, except in the pickup trucks. Second, we are using a good food crop—corn—a good livestock crop at the present time. Other crops have potential.

Third is the technology required. Mr. Durand—I don't think it is any secret—has got \$60,000 tied up in his unit to produce this alcohol. It is a fairly major unit although it is still a small unit, and he is finding he is going to have to put more automatic controls on it, because he cannot manually adjust it finely enough and frequently enough to keep it operating efficiently. So to get into commercial units, we are probably talking considerably in excess of \$100,000 for a fairly small one and from there on up.

Mr. MacDonald: Is there any alternative for diesel?

Mr. Brubaker: Yes, I think there is a good alternative for diesel that we are doing some work on right now, and that is vegetable oils. These are oils that can be extracted from seeds such as sunflower seeds, soybeans, canola or rapeseed, even peanuts. We can extract these oils and they will burn directly in our present diesel engines without any modifications to the engines. At present we have Professor Peter Southwell doing some work for us at Guelph. We provided some funds for him to buy some canola oil and some soybean oil, and he has operated four tractors on the university farm this summer on these oils. We are getting some experience and some hours on these tractors.

These are smaller tractors—35-horsepower tractors and so on—because we wanted to get more tractors operating on different jobs. But this fall Massey-Ferguson has provided a 100-horsepower tractor to the university to be used on these vegetable oils, the canola oil and soybean oil. That tractor is being used to fill a silo, which is a heavy load on a tractor engine, and it is operating now at the University of Guelph. We expect this winter to tear that engine down and determine if any problems have arisen out of the 200 hours we hope to get on it using only these fuels.

Mr. MacDonald: All other factors aside, such as using precious food and so on, what is the relative cost at the bottom line at the moment?

Mr. Brubaker: At the moment we are paying about 60 cents a litre for these oils. We are buying them from Canada Packers. They are extracted for food industry types of thing. That is considerably higher than diesel fuel at the present moment.

Mr. MacDonald: What is diesel?

Mr. Brubaker: A litre is 27 or 28 cents. So what we are paying is about double.

Mr. MacDonald: This is for 1985 or 1986.

Mr. Brubaker: The other thing is we are not sure we have to go through quite the same process to extract these oils as they do for the food industry, and this may reduce costs some. The other thing that has come to my attention recently—and I just throw this out; I don't have facts to back it up but we are going to check on it—I am told that a farmer selling soybeans to the wholesale industry trade and buying back soybean oil meal as a protein supplement to feed his animals is paying about the same amount of money to buy back that meal as he gets originally for his soybeans. Whether that is true I am not prepared to say. I have heard that, and we want to investigate it. If that were the case and he could extract the oil out of those beans by pressure—mechanical means and so on—he might have a very low cost fuel.

Hon. Mr. Henderson: There is no argument there.

Mr. MacDonald: Otis McGregor argues yes, you have got your high-priced protein residue.

Hon. Mr. Henderson: Yes. You get a little better than \$7 for 60 pounds of soybeans, and you pay about \$15 for 100 pounds of meal back. It's there. Any farmer—

10:40 a.m.

Mr. MacDonald: If you can grow three million acres of canola in the east and the north, you have a real new cash crop for those boys. They will be off oil in a big way.

Hon. Mr. Henderson: We don't disagree. We think there's a future for canola.

Mr. Brubaker: This is one of the things we are investigating and it looks pretty exciting.

Hon. Mr. Henderson: Mr. Chairman, Dr. Rennie informs me that maybe I should invite the committee to go out to Arkell near Guelph where we have our research work. We have a methane plant there at a cost of \$60,000. We would be glad to arrange for any of you to—

Mr. MacDonald: The methane one really baffles me. I was at an Ontario Federation of

Agriculture convention in Oshawa about five or six years ago at which an expert from Waterloo contended there was enough methane gas from the waste material and the manure piles in the farms of Ontario to equal half the gas consumption in Ontario. Theoretically, I suspect that may be true. How you gather it all together economically is the real problem.

Hon. Mr. Henderson: Could Mr. Brubaker take a minute to tell us how much of one cow's manure is equal to one gallon of gas?

Mr. Brubaker: That is a good question, Mr. Minister. I don't have that figure. I do have—

Mr. McGuigan: You need miles per bales.

Mr. Brubaker: I do know we could get about a cubic foot of gas per day from a cubic foot of methane generation liquid storage capacity when it is operating well. That cubic foot of methane has about 1,000 BTUs in it, if it is pure methane. As it's generated from manure, it's about one third carbon dioxide, so we have about 650 BTUs per cubic foot. We also have some problems with it. There is quite a bit of sulphur in it and so on, and this is not a good product at the present time to put through engines, but we are working on it.

I think the problems can be cleared up and it can become a useful fuel, more useful again for stationary heating purposes, where we burn it directly and are not so concerned about the sulphur or about the carbon dioxide, for home heating, for heating of livestock buildings, or any other use we might have for it; also as a mobile engine fuel because it is methane. It is the same as natural gas.

Mr. MacDonald: One of the ironies of this situation is, if my information is correct, if you go to southeast Asia, in economies and societies that are much less technologically advanced than ours, I understand a fair proportion of their energy comes from a gas which is rescued from human, as well as animal, waste.

Mr. Brubaker: Yes, and they have a generator going, pits in the ground, and they collect this gas and use it on a regular basis.

Mr. MacDonald: Maybe the committee should go to southeast Asia.

Hon. Mr. Henderson: Dr. Rennie wants to make a further comment.

Dr. Rennie: Could I just add to that response to your question, Mr. MacDonald, that in warmer climates this is great. There is no question about it. The problem becomes one of economics. The work that has been done over

the past four or five years at the University of Manitoba in Winnipeg shows you need a fair bit of heat to raise the material up to the level where you can get the proper fermentation in order to produce methane. In our cold months we are using practically all the methane we have produced to keep it up to the temperature in which it would produce it. So it's a no-win situation there. In the Guelph program, we are really looking at a hard analysis of the economics of it. That has been the big problem. But in warmer climates there is no question about it, it's great.

Mr. MacDonald: There's no doubt about temperature. I have talked to some of the Hydro boys who tried to use the soft coal from the Moosonee area on an experimental basis, and they said it was almost impossible to work with in the wintertime. You are dealing with granite.

Mr. McGuigan: Mr. Chairman, I apologize to Mr. Brubaker but, as you know, I am concerned about our time. I notice it's a quarter to eleven now.

The Vice-Chairman: We are reaching the end of the period that was set aside. Are there any other questions, very briefly, anyone?

Mr. Pollock: Every once in a while people come along saying they have a great device to generate electricity through wind-powered generators. Are you monitoring that, and is there anything new on that?

Mr. Brubaker: We are not doing anything on wind energy at present, because the literature is very strongly supportive of the bad economics of wind generation of electricity. There is no doubt it can be done from an engineering point of view, but there are problems with the wind being so variable and the fact that we cannot easily store electricity as compared to the old windmills that used to pump water. We pumped a week's supply of water when the wind blew and hoped the wind would blow again some time during the next week and so on, so we kids didn't have to go out there and run the pump handle. We are not doing anything there because it does not look to be economically feasible at this time. There are other areas that show more potential.

Mr. Eaton: Have you had any more followup from Dr. Margaritis on the artichokes at Western, if I recall correctly?

Mr. Brubaker: No, I have not. I have talked to him on the telephone. He is going to put some proposals in to us to do some work. Dr. Margaritis is a research scientist at the University

of Western Ontario and wants to do more research on the fermentation of Jerusalem artichokes. He has told me several times by phone that he is going to, but we have not heard anything yet.

The Vice-Chairman: I think we should move on now. Thank you, Mr. Brubaker, for coming in this morning.

When we adjourned last evening, we said we would get into a discussion of food land guidelines and related topics under this vote, and that we would do that this morning. We will now move into that area.

Mr. Smith: Mr. Chairman, after the last discussion, it is all one can do to avoid pointing out a neat reversal that has occurred whereby the government is now going to put its bull manure into production of energy instead of the other way around. The discussion of energy was actually quite interesting. I was very grateful for the opportunity of hearing Mr. Brubaker.

I would say the most notable instance of the food land guidelines being called into some question—at least one of the most notable instances—was in the Vaughan official plan amendment, No. 95. Over the summer I had occasion to read Hansard—when it rains sometimes reading Hansard is one way of passing the time, not one I recommend highly—and I must say I was left very puzzled, even now at this late date, as to how my good friend, the member for Elgin (Mr. McNeil), found himself tramping around the lands of Vaughan township in wintertime—

Mr. McNeil: It wasn't in winter.

Mr. Smith: Well, in December—trying to assess the quality of those lands. The minister's answers to me left me somewhat mystified. I thought perhaps as we are not in the House with the problems of question period, we could just have an exchange and I might eventually understand for myself exactly what happened. I have some questions that I hope will be brief and to the point, and I think the minister would be in a position where he could answer them very briefly and directly. I hope he is going to answer them—

Hon. Mr. Henderson: We are ready, but could I move Vern Spencer over beside me? He is director of the branch. He is the man who prepares all the letters I send. Would that be fair enough?

Mr. Smith: Yes, indeed. I would be delighted if you would, Mr. Minister.

Hon. Mr. Henderson: Vern Spencer will stay. George Collin is not here. He has now gone out to research. But Vern Spencer is the man who runs that department.

Mr. Smith: Yes, I would like to speak with Mr. Spencer. It would be very helpful. I hope I won't have to keep the committee too long and that I will get some of my answers. Then I will be able to retire from the Liberal leadership happy that at least one of the great mysteries of life—the other one being why in heaven's name they put ketchup in narrow-necked bottles—why Ronnie McNeil was walking around the lands of Vaughan township—will be solved for me. Then I will leave in a happier frame of mind. I know, Mr. Minister, you would like me to do that.

10:50 a.m.

Hon. Mr. Henderson: Mr. McNeil went there at my request.

Mr. Smith: I know he went there at your request. What we now have to find out is why the Minister of Agriculture and Food should have asked his parliamentary assistant to go out and do that. Prior to sending him out, had you discussed with anyone in your ministry, your deputy minister, Mr. Spencer or anybody else, the idea that you might send out Mr. McNeil? Did you discuss that with anybody in the ministry?

Hon. Mr. Henderson: In responding to Mr. Smith, I really wish I had my file. It is not here, is it, Miss Smiley? Is the file on Vaughan here by any chance? If it is I can answer you directly on what I—no, this is not what I want. These are the questions that have been asked in the House. I want my own file.

Mr. Smith, this is the first memo that appears in my office. This is not the departmental file. This is my personal file kept by my personal staff.

Mr. Smith: I am glad you have your file there. The question I asked was—

Hon. Mr. Henderson: Let me answer you first.

Mr. Smith: Did you talk to anybody in your ministry regarding the idea of sending out Mr. McNeil? That is the question. Did you discuss it with anybody?

Hon. Mr. Henderson: Miss Mary Smiley, as you know, is my executive assistant and has been with me five years. This is the first memo to me in my records:

"Mr. Henderson, I had a call from the office of the Minister of Housing respecting the town

of Vaughan, amendment 95 of their official plan. I spoke with Milt Farrow who is, as you know, the executive director of plans administration in Housing and Vernon Spencer, director of food land development branch in this ministry. From the information I have gained, I feel that this merits a visit from the minister's office, possibly by the parliamentary assistant, Mr. McNeil." It is signed Mary S.

Mr. Smith: So it was Mary Smiley—Smiley is the name?

Hon. Mr. Henderson: Yes.

Mr. Smith: So it was Mary Smiley's idea, having spoken with Milt Farrow and with Mr. Spencer, that perhaps Mr. McNeil be sent out.

Hon. Mr. Henderson: Also you will remember that the member for York North (Mr. Hodgson) got up and volunteered in the House—

Mr. Smith: I am going to get to that. Let us do it in order.

Hon. Mr. Henderson: That is letter number one.

Mr. Smith: What you are saying is that Miss Smiley wrote you a memo. I continue to ask, though, Mr. Minister, did you discuss the idea of sending out the parliamentary assistant with anybody else in the ministry apart from Miss Smiley?

Hon. Mr. Henderson: Miss Smiley, Mr. McNeil and I had a meeting. No, I did not go out.

Mr. Smith: You did not talk to anyone else. I am asking you: Did you speak to anyone else in the ministry, to your deputy, Mr. Spencer or anyone else about the idea of sending out Mr. McNeil?

Hon. Mr. Henderson: I would expect my deputy sat there when Miss Smiley, Mr. McNeil and I talked it over originally.

Mr. Smith: Your deputy then at the time, Mr. Lantz.

Hon. Mr. Henderson: I would expect so but I cannot assure you of that.

Mr. Smith: Mr. Lantz might have been—

Hon. Mr. Henderson: I would expect so. I would not guarantee it.

Mr. Smith: Did you ever speak to Mr. Spencer about the idea of sending out Mr. McNeil?

Hon. Mr. Henderson: Not that I remember but Miss Smiley, I presume, did.

Mr. Smith: So Miss Smiley may have talked to Mr. Spencer?

Hon. Mr. Henderson: She says she did in the note to me.

Mr. Smith: That note does not say she spoke to him about sending out Mr. McNeil. It just says she spoke about the mapping.

Hon. Mr. Henderson: Right.

Mr. Smith: What is the date of that note, please, Mr. Minister?

Hon. Mr. Henderson: The note is not dated. It is the first thing on the file. It is not dated.

Mr. Smith: Can you give us some idea, from the time you received the note, how long it took before you asked Mr. McNeil to make the trip?

Hon. Mr. Henderson: I would expect I told him that day to make the trip at his leisure.

Mr. Smith: The same day.

Hon. Mr. Henderson: I would expect I told him at that meeting.

Mr. Smith: How long afterwards would he have made the trip?

Hon. Mr. Henderson: Mr. McNeil will have to answer that; I cannot.

Mr. Smith: You have no idea how long after you told him?

Hon. Mr. Henderson: I have a note from Mr. Spencer dated November 20. But this was a note that came about after a meeting—Mr. McNeil had been out there—with the deputy minister, Mr. Spencer, Dr. George Collin, Mr. McNeil, myself and Miss Smiley. The group of us met.

Mr. Smith: I understand. I am still trying to understand how long it took Mr. McNeil to go.

Hon. Mr. Henderson: I cannot help you.

Mr. Smith: Can Mr. McNeil help us by saying how long after that conversation he actually made the trip? Roughly, just within a month.

Mr. McNeil: Oh, within a month I would think.

Mr. Smith: Within a month.

Mr. McNeil: Possibly two weeks: It may have been the following week. I went on a Wednesday afternoon, but I have no idea what date it was.

Mr. Smith: Okay. Was it ever recommended to you before, Mr. Minister, by Miss Smiley or anyone else, that you send out a parliamentary assistant possibly to come to a different conclusion from that reached originally by members of your food land development branch? Is there any other instance in the time you have been minister when you have actually sent out your assistant to do that or when it has been recommended to you to send out your assistant to do that?

Hon. Mr. Henderson: Miss Smiley generally reports to me every morning on calls she gets within the ministry. She is one of the first staff members to come in.

Mr. Smith: Of course, she is your executive assistant.

Hon. Mr. Henderson: If there is something, we quite often call Mr. McNeil in immediately and ask him either to go and look at it or to see whether he has any knowledge of it. With any of these things we get a call on, Mr. McNeil is generally consulted.

Mr. Smith: No doubt; he is an excellent gentleman. The question, however, is whether you have ever sent him out specifically to examine lands in order possibly to contradict an opinion given to you by your food land development branch. It is a pretty specific question. That is what I am asking you, to see whether there is reason to contradict.

He was not even deputy minister then; come on.

Hon. Mr. Henderson: No. What he is mentioning to me is something that just happened in the last week. He has mentioned we phoned the ag rep in Ancaster a week ago to go out and look at something there that was counter—to give you specifics—

Mr. Smith: I may be interested in Duncan Allan's views on the matter and no doubt we will have a chance to hear from him. But I am asking a very specific question, Mr. Minister. Do you in your time as minister recall any other situation in which either Miss Smiley has recommended to you, or you on your own hook have decided, to send your parliamentary assistant out to look at lands with a view to the possible contradiction of the opinion of your own food land development branch? That is the question.

Hon. Mr. Henderson: One that comes to my mind quickly which Mr. McGuigan will confirm to you was at Ridgetown fair; he brought a situation to my attention verbally.

Mr. Smith: You sent Mr. McNeil to that?

Hon. Mr. Henderson: Mr. McNeil went and looked at that. I forget the name. Mr. McGuigan pointed out to me quite clearly that my staff were wrong. I believe it was 100 acres of land.

Mr. McGuigan: George Wolfe.

Hon. Mr. Henderson: However, you pointed out to me that half was farm land and that with

the other half my staff were wrong, that it was not agricultural land but rolling land on Lake Erie. Mr. McNeil went out to that.

Mr. Smith: You sent Mr. McNeil to that.

Hon. Mr. Henderson: Yes. Mr. McNeil went out on that.

Mr. Smith: All right. That is one. Was there any other such instance?

Hon. Mr. Henderson: There were several times I got his advice: "Have you been there? Will you go there?" But I do not have one that comes to mind.

Mr. Smith: Would you like to check your files and perhaps let the committee know at some later time during your estimates whether there was any other instance in which Miss Smiley recommended or you suggested that Mr. McNeil go out, possibly to contradict a decision of your food land development branch?

Hon. Mr. Henderson: You are wrong in saying to contradict what is checked—to examine.

Mr. Smith: To examine whether there is a reason for contradicting.

Hon. Mr. Henderson: Yes, to examine, not to contradict. You are wrong in that statement.

Mr. Smith: To examine whether there is a reason to contradict.

Hon. Mr. Henderson: There are other cases. Maybe Mr. McNeil can remember some others. Is there a quick one that comes to your mind?

Mr. McNeil: I cannot really remember any cases other than the two mentioned. But I might point out, Mr. Minister, that you asked me to go out to assess whether that land was suitable for modern agriculture and that is what I did.

Mr. Smith: Mr. McNeil has told us that at some point he went—within about a month of that suggestion being made. But we do not know exactly when he actually went. Can Mr. McNeil remember? He says it was not December. Was it not December?

Mr. McNeil: No, it was earlier than December, because it was a beautiful day and the grass was green.

Hon. Mr. Henderson: Mr. Spencer can confirm it. That is his memo and it is dated November 20.

Mr. Smith: Mr. McNeil had already been by then, so he would have had to go sometime in late October or November.

11 a.m.

Hon. Mr. Henderson: Mr. Spencer was at the meeting in my office. There were five or six of us. How long before November 20 would you think that was?

Mr. Spencer: I don't think it was actually stated, but the impression I had was it had been a couple of weeks or something like that.

Hon. Mr. Henderson: So it would be two weeks ahead.

Mr. Smith: That's fine. That's what I wanted to know on that. Thank you very much, Mr. Spencer and Mr. Minister.

Let me talk now about the idea that Miss Smiley would have written that original note to you. I don't have the note in front of me. You kindly read it to us.

Hon. Mr. Henderson: I will let you look at it if you wish.

Mr. Smith: I would be grateful.

Hon. Mr. Henderson: The file is stapled together so you can look at the note if you wish.

Mr. Smith: That is very kind of you. I will return it to you. There is no date on this.

Hon. Mr. Henderson: No.

Mr. Smith: It is handwritten by Miss Smiley. It simply says, "I had a call from the office of the Minister of Housing." It does not indicate whether she had the call several years earlier or whether she had the call at the time she wrote this.

This is very important because you will find that Mr. Hodgson's testimony in the House is that he met with Mr. Farrow and Mr. Dewar and then called your ministry. But evidence will indicate that there was only one meeting with Mr. Dewar and that occurred about a year before this matter of sending out Mr. McNeil occurred. In fact, it occurred before you were minister.

Hon. Mr. Henderson: I can't argue with that.

Mr. Smith: So the question is, when Miss Smiley says she had a call, when did that call occur?

Hon. Mr. Henderson: Let me again explain that Miss Smiley is generally the first one in my office each morning. I would expect she was in the day before with the information, probably in the morning. It is a daily situation so it would not be a call she got a month before. I would expect she got it the day before. Miss Smiley is there if you would like to ask her.

Mr. Smith: I would like to ask Miss Smiley.

Hon. Mr. Henderson: Move up to the table then, Miss Smiley, and feel free to answer whatever is asked.

Mr. Smith: How do you do, Miss Smiley, it is a pleasure to be able to ask you these questions and I hope I won't keep you long. You recall writing this memo without a date, of course.

Miss Smiley: Yes, I do.

Mr. Smith: Was it in response to a call you had on the same day or the day before?

Miss Smiley: It would have been written the same day, right after the phone call.

Mr. Smith: Would it have been around the same time that the meeting occurred at which it was decided Mr. McNeil should look at the land?

Miss Smiley: It would have been written prior to that decision.

Mr. Smith: The meeting would have followed our memo by roughly how long? A few days, a week, something like that?

Miss Smiley: I can't remember exactly but it might have been the same morning. It quite often is.

Mr. Smith: It was very soon?

Miss Smiley: Yes.

Mr. Smith: So you got a call from the office of the Minister of Housing and then you wrote the memo, possibly the same day. Then there was a meeting with Mr. Henderson, Mr. McNeil and possibly with the deputy. Do you remember if the deputy, Mr. Lantz, was there?

Miss Smiley: I can't recall offhand.

Mr. Smith: And possibly Mr. Spencer. Was Mr. Spencer there?

Miss Smiley: I don't believe so.

Mr. Smith: Oh, he said he was not there; I am sorry.

Hon. Mr. Henderson: Mr. Smith, let me help you here. At that time I also met with my immediate staff each Tuesday morning — the riding staff, everybody. I have Mrs. Dunne, who does the riding things, Mr. Huff and Mr. McNeil. We all met at that time at nine o'clock every Tuesday morning.

Mr. Smith: Frankly, within a week does not bother me anyway, Mr. Minister. I appreciate that. So we are talking about late 1979, are we not? Yes, late 1979.

Hon. Mr. Henderson: Whatever is on the

other letter. What is on Mr. Spencer's letter, the second letter from the bottom, November 20 of what year? What year is on it?

Mr. Smith: November 20, 1979.

Hon. Mr. Henderson: That is when.

Mr. Smith: So this call came in at that time.

Miss Smiley, do you recall from whom the call came in the Ministry of Housing?

Miss Smiley: It came from Mr. Hodgson, who at that time was parliamentary assistant to the Minister of Housing.

Mr. Smith: I know it is stretching your memory, Miss Smiley, but you have written here that you got a call, not from Mr. Hodgson, MPP, but from the office of the Minister of Housing (Mr. Bennett).

Miss Smiley: It was from the office of the minister.

Mr. Smith: That is fair. I don't dispute what you have written at all. What I am really trying to get at is whether Mr. Hodgson, in talking to you, identified himself as calling as the parliamentary assistant rather than as the MPP for the area. Do you recall that at all?

Miss Smiley: No, he didn't. But I assumed he was calling as parliamentary assistant.

Mr. Smith: That was your assumption?

Miss Smiley: Yes, it was.

Mr. Smith: That is fair. Thank you. Do you remember the nature of what he said to you basically? Was it just that in his view the lands really were not suitable for agriculture or something like that?

Miss Smiley: He called and brought it to our attention and asked me to have a look into what our staff would say about it.

Mr. Smith: Were you aware at the time that it was before the Ontario Municipal Board; that the matter had been referred by housing to the OMB?

Miss Smiley: No, I wasn't.

Mr. Smith: You didn't know that?

Miss Smiley: No.

Mr. Smith: Mr. Hodgson, of course, would have been aware, since he was parliamentary assistant. Did he tell you it had been referred? Did he mention it was in front of the OMB?

Miss Smiley: I am sorry; I can't recall.

Mr. Smith: You don't remember that? Do you think if he had said the matter had already been given to the OMB your actions would have been any different in this regard?

Miss Smiley: I certainly would have checked our report from Mr. Henderson with Mr. Spencer at least, to see what the situation was.

Mr. Smith: So your behaviour would have been somewhat different, but you didn't realize it was in front of the OMB and so you thought there was nothing wrong with making some calls and checking up on it. That is fair enough.

You then called Mr. Farrow, according to your memo.

Miss Smiley: Yes.

Mr. Smith: What did Mr. Farrow basically have to say; do you recall?

Miss Smiley: I don't recall offhand, no.

Mr. Smith: You say here, "From the information I have gained, I feel that this merits a visit from the minister's office." Would any of that information have come from Mr. Farrow?

Miss Smiley: It could well have. I don't recall offhand.

Mr. Smith: Did Mr. Farrow not tell you the matter was in front of the OMB, since his own ministry, with Mr. Farrow's own permission, had sent the matter to the OMB? Did Mr. Farrow not tell you that?

Miss Smiley: He could well have. I don't recall what he said to me that day.

Mr. Smith: You don't recall. Do you recall the general nature of what Mr. Farrow said? Was he dead set against the notion that these lands should be used for housing? Was he dead set against the notion of keeping them for agriculture? Did he have any firm opinion that he conveyed to you?

Miss Smiley: I don't recall at that time.

Mr. Smith: You spoke with Mr. Farrow and you don't recall even whether he was in favour or against the use of this land for housing?

Miss Smiley: I don't right at the present time, no.

Mr. Smith: I understand. I am just asking the best of your recollection.

Then you spoke to Mr. Spencer, according to your memo. You spoke to Mr. Spencer, director of the food land development branch in the ministry. Do you remember the nature of that conversation?

Miss Smiley: I asked Mr. Spencer to bring me up to date on the amendment and the plan, and I believe he did at that time.

Mr. Smith: He brought you up to date on it. Did Mr. Spencer give you information that would lead you to feel that the matter should be re-examined?

Miss Smiley: I felt that was a personal opinion to the minister that perhaps there should be another look at it by himself or Mr. McNeil.

Mr. Smith: That was your personal opinion?

Miss Smiley: Yes.

Mr. Smith: You say, "From the information I have gained, I feel that this merits a visit." You formed an opinion from the information you gained. I presume you were accurate in what you said. You don't remember anything you got from Mr. Farrow. What would you have got from Mr. Spencer that would be information to lead you to believe the matter needed to be looked at again if all the people in his branch had already looked at?

Miss Smiley: I asked Mr. Spencer what the land was like, and he was giving me what the general area was. From that, that is my recommendation to the minister.

Mr. Smith: May I ask Mr. Spencer if he recalls the conversation with Miss Smiley at that point, the one that led Miss Smiley to say, "I spoke to Mr. Farrow, spoke to Mr. Spencer, and from the information I gained, I feel this merits a visit"? Do you remember that conversation?

Mr. Spencer: Not specifically, but we have these conversations from time to time, and generally what they involve is a quick overview of the situation as we understand it and some kind of an impression of whether we think it is clear or questionable or whatever.

This particular situation is a bit varied. The parcel shows numerous characteristics, and I think this is what we were indicating, that part of the area is very rough and part of it is pretty good. Then you have to look at it in the context of where it is in the province, and so on. I think there was enough solid, shall we say a toss-up that would lead her to believe he would welcome a second opinion or else they would really need to look at it. I would say that was the kind of discussion we had.

11:10 a.m.

Hon. Mr. Henderson: Mr. Chairman, let me help Dr. Smith here. Miss Smiley pointed out to me that Mr. Hodgson had told her—and I well remember this—that we were overprotective. That was the word that was used. This was not a viable farm unit from outward views and from our staff's report that she had got from Mr. Spencer.

You would really have to read the letter that I later read. I did not read it that day, but Mr. Hodgson's concern was the same that Mr.

McGuigan brought to me in Ridgetown. That is the reason that Mr. McNeil went. That is the reason we asked him to go, because of what Mr. Hodgson told Miss Smiley, which was the same as Jim McGuigan told me himself.

Mr. Smith: The matter had already been referred to the Ontario Municipal Board, I understand.

Hon. Mr. Henderson: I was not aware of that at that time.

Mr. Smith: All right. You claim to be unaware of it.

Mr. Spencer, you could not have been unaware that the matter had been referred to the OMB, because your branch had been deeply involved in letters back and forth with Housing and knew that the resolution that had been decided upon was to refer the entire matter to the OMB. Surely you will admit that you knew it was in front of the OMB.

Mr. Spencer: I am afraid, sir, that maybe I should have known but I honestly did not know that it had been referred to the OMB at that point. It may not sound reasonable, but I honestly did not know.

It is possible that my staff knew, but it was a point that was not brought up, and I was not aware at that time that it had been referred to the OMB.

Mr. Smith: You did know, though, Mr. Spencer, did you not, that there had been requests for clarification from Housing about a year earlier and that the clarification had been sent to Housing by members of your staff?

Mr. Spencer: That is right.

Mr. Smith: You knew that, but you did not know that Housing then concluded that it would be best to put the whole matter in front of the OMB?

Mr. Spencer: No. I was not aware of that at that time. My understanding was that we were still in the negotiation phase and that we were still reviewing prior to Housing making the decision. That was my understanding of the situation.

Mr. Smith: I see. When did you find out, Mr. Spencer, that the matter was in front of the OMB?

Mr. Spencer: I would say I found out at about the time the region or the town, whichever it was, contacted my staff to go to the hearing. Quite frankly, that was the first that I was aware the matter was going to the hearing, when they contacted him and he came to me to discuss it

with me. I could not tell you precisely when that was, but it would be three or four weeks before the hearing. It was something within that time frame.

Mr. Smith: I do not think I have anything else to ask. Something else might come up later.

I have one last question to ask Miss Smiley. Do you always write your memos to the minister without a date or a time; all your memos of that nature?

Miss Smiley: Not all of them, but some of them.

Mr. Smith: Some of them are like that?

Miss Smiley: Yes.

Mr. Smith: This is very neatly written, I must say. I do not think there is anybody in my office who would write a memo this neatly.

Hon. Mr. Henderson: You do not have anybody that capable in your office.

Mr. Smith: When it comes to penmanship, I think you may be right.

Do you always write your memos on a full sheet of paper of this kind rather than on small memo paper?

Miss Smiley: That is a photostat, I believe, is it not?

Mr. Smith: Yes, it is. And it was on a smaller sheet of paper that you would have written the memo? You do not believe there would have been any additional information on the original that is not on the photostat?

Miss Smiley: No.

Hon. Mr. Henderson: No. I noticed that.

Mr. Smith: You have the original?

Hon. Mr. Henderson: It is in my office, I presume. I have seen it.

Mr. Smith: Is there some reason why the original has not been produced?

Hon. Mr. Henderson: No. Dr. Smith, I have had this in my house.

Mr. Smith: Thank you very much, Miss Smiley.

Mr. Minister, you will recall how many times we asked upon whose phone call the trip by Mr. McNeil was precipitated. You will recall your statement that it was Mr. Bennett. Yet you now say you recall very clearly that it was Mr. Hodgson who called and who said you were being overprotective with regard to farm land. You said you remember clearly Mr. Hodgson saying that. Why would your memory not have been clear when for weeks we asked you who called and you kept saying it was Mr. Bennett and then switched to saying it was his office?

Hon. Mr. Henderson: Dr. Smith, we are trying to be honest and down to earth with you in this situation. We have nothing to hide at all in what we have done.

Mr. Smith: Good, excellent.

Hon. Mr. Henderson: Mr. Bennett and I, as he told you in the House, had spoken about this, as we do about many things. As time went on in my mind, I thought it must have been the minister, but when I got back and searched in my mind I then realized that the original call did come from Mr. Hodgson.

But originally, when I was answering you in the House, we had had different dialogues and I really felt that it was Mr. Bennett.

Mr. Smith: Even though you now remember clearly that Mr. Hodgson said to you that you were being overprotective, at the time you answered me in the House you thought it was Mr. Bennett?

Hon. Mr. Henderson: I really did. Let us go a step farther. When I was asked the question in the House, I was not aware that my staff had been to the OMB hearing or anything and gave contrary evidence to my letter. You caught me right off, and I knew that Mr. Bennett and I had spoken about this.

Mr. Smith: That is fair. I do not object to that, sir. Surely, however, Miss Smiley must have told you very quickly after my question that it was Mr. Hodgson who made the call. Why would you not have responded in a straightforward manner at that time instead of continuing to lead us to believe for a period of some weeks that Mr. Bennett had made the call?

Hon. Mr. Henderson: Until I went back to the file.

Mr. Smith: It took you weeks to go back to your file?

Hon. Mr. Henderson: After Mr. Bennett got up in the House that day and made it clear; that is when I went back to the file and that is when it was brought back to my attention.

Mr. Smith: Miss Smiley never bothered to mention to you in that intervening couple of weeks that it was not Mr. Bennett who called but rather his assistant, Mr. Hodgson? She never mentioned it to you?

Hon. Mr. Henderson: No. It was not talked about between us. I was answering in the House and it was not talked about. As I say, I was convinced in my own mind when I was answering you that the conversation developed out of conversations between Mr. Bennett and me.

Mr. Smith: Okay. Mr. Minister, I hope I will not have to stay on this too much longer. I think a few more moments might be enough. It seems to be bothering my friend from Middlesex (Mr. Eaton).

Mr. Eaton: What is bothering me is your interrogation of people. This is supposed to be estimates to talk about some of the things that are happening in agriculture, and you are interrogating people about how they write and everything else.

Mr. Smith: Would the member for Middlesex like to suggest where the Leader of the Opposition is given an opportunity to get answers to questions if not in estimates?

Mr. Eaton: You do not have to interrogate people like that to do it.

Mr. MacDonald: Ignore the interjections from the member for Middlesex. Get on and finish your task.

Mr. Smith: I would love to.

Mr. MacDonald: You sound like the Premier (Mr. Davis) in seeking interventions.

Mr. Smith: I am not seeking them, Mr. MacDonald.

Mr. MacDonald: Okay. Don't then.

Mr. Smith: Can the minister explain how his first letter, the one addressed to the Honourable Claude Bennett, dated March 9, 1980, saying that he is now withdrawing his ministry's objection, found its way to the OMB file?

Hon. Mr. Henderson: I will ask Mr. Spencer to tell you that straight. I could tell you, but I assume Mr. Spencer is the one who did that.

Mr. Smith: All right. I do not mind, as long as I find out.

Hon. Mr. Henderson: Mr. Spencer will respond to you on that.

Mr. Spencer: My understanding of the situation is that we had prepared the letter for the minister and the letter was sent to the Ministry of Housing. We also knew that the matter was coming to the Ontario Municipal Board, and we were asked by the region of York—this is the region as opposed to the town—for our input on our documentation on the matter. We forwarded the material to the region of York, all of the material relative to the file, because since the matter was in front of the OMB it is a matter of public record in any event.

What I am personally not clear on is whether the region of York brought the material to the OMB, whether the chairman of the OMB

picked it out of the file that had come from the Ministry of Housing, or whether one of the other lawyers involved in the hearing actually brought it forward. I was not at the hearing, but I have been told that the chairman of the board picked the letter that came from the Ministry of Housing out of the file and commented on it.

I do not know whether transcripts of these meetings are kept. I do not know who brought it to the attention of the board and brought it up at the hearing first. It certainly went to the board with the package that went to the Ministry of Housing. It also was brought up by some of the solicitors for some of the other parties.

11:20 a.m.

Hon. Mr. Henderson: What I really wanted Dr. Smith to understand was that it was you as staff who sent it to York, not me as the minister.

Mr. Spencer: That is right. We simply sent our package of material. I have forgotten now whether that was sent before York asked Mr. Pinder whether he would be available for the hearing or whether it was after he had been asked. In any event, the York region people were speaking with Mr. Pinder about attending at the hearing.

Mr. Smith: You dictated the first letter for the minister's signature?

Hon. Mr. Henderson: Let him see it. Give him a copy.

Mr. Spencer: The letter would have been prepared in draft by Mr. Pinder upon my direction. Then I would approve, and subsequently it would be forwarded for the minister.

Hon. Mr. Henderson: The note has "For your approval." Dr. Smith has your note to me. Do you not have the note? It is the second one above Miss Smiley's memo, Dr. Smith. Come up through the file.

Mr. Smith: I did not take a look.

Mr. Spencer: It would be forwarded with the covering memo.

Mr. Smith: That was the first letter. That's air enough. Then you approved the preparation of the letter and gave it to the minister. Were you not concerned that it went against the views of the people in your own branch?

Mr. Spencer: We had a meeting. This was prepared subsequent to a meeting that involved, as the minister said, Mr. Henderson and Mr. McNeil, and I believe—

Hon. Mr. Henderson: Dr. Collin—

Mr. Spencer: Dr. Collin and certainly Mr. Lantz.

Hon. Mr. Henderson: And Mr. Lantz. The group of us.

Mr. Spencer: We reviewed all the information and made a decision. I conveyed that decision back to my staff. As I pointed out, the area has a number of characteristics.

Mr. Smith: So that is how that particular letter was eventually sent. It was sent to Mr. Bennett. Mr. Minister, why would it be addressed to Mr. Bennett, rather than to Mr. Hodgson, since it was Mr. Hodgson who was inquiring and not Mr. Bennett? Was it simply because he was the minister and you thought he would be the one interested?

Mr. Spencer: In fact, we made that decision. When we have a final ministry position, we normally address it minister to minister, because that then establishes that it is the final position.

Mr. Smith: By then you knew it was in front of the OMB, though, Mr. Spencer, did you not?

Mr. Spencer: No. Not at the time that letter was prepared. We still thought we were in the negotiating phase.

Mr. Smith: Now I turn to the second letter, the one of December 1980, which has your name at the top of it and which was sent by Mr. Henderson to the Honourable Claude Bennett essentially saying that with regard to that file there were some additional lands that were of the same nature as the original ones referred to in the March letter. Do you remember that letter, sir?

Mr. Spencer: Yes.

Mr. Smith: Presumably you approved the drafting of that letter.

Mr. Spencer: That is correct. Again, it was subsequent to a meeting.

Mr. Smith: That letter, we know, found its way into the OMB file through Mr. Webb, because we have the copy from the OMB file which has on it the stamp of Davis, Webb. Presumably, therefore, it came through Mr. Webb into the file. Do you have any reason to feel that it came into the file some other way?

Mr. Spencer: As far as I know, it would be in the OMB file first, and then it would be available to Mr. Webb or anyone else who wished it. He may have asked someone to forward that to him. It would be in the OMB file first. It goes to the Ministry of Housing and then to the OMB.

Mr. Smith: The only copy in the OMB file has the stamp of Davis, Webb on it, even though the letter is addressed to the Honourable Claude Bennett. Therefore, presumably Mr. Webb

must have let it into evidence or put it into the file, because otherwise how would it have come from his office?

Mr. Spencer: I don't know.

Hon. Mr. Henderson: What's in my file, Dr. Smith? I haven't looked at it.

Mr. Smith: Well, your file would have your copy of the letter, sir.

Hon. Mr. Henderson: Where does it say? Where does it show?

Mr. Smith: I do not see it in your file, Mr. Henderson. Perhaps you would like to take your file documents out.

Hon. Mr. Henderson: Oh.

Mr. Smith: I am interested. By this time, December 1980, it seems to me, Mr. Spencer, you must surely have known the matter was in front of the OMB.

Mr. Spencer: There is something we think you will have to recognize. There are at least two files involved. There is the one that is amendment 95, the major parcel, and the second file, which was really a plan of subdivision file.

The second letter would be forwarded to the Ministry of Housing and would go into that plan of subdivision file, which was not really part of the hearing until Mr. Webb came to the hearing and said, "My client wishes to be included in amendment 95". So we really had two different files. The plan of subdivision file was not in front of the OMB, at least as far as I am aware.

Mr. Smith: Did you ever speak to Mr. Webb personally?

Mr. Spencer: Yes. He actually did speak to me on a couple of occasions.

Mr. Smith: What was the nature of that conversation? When would it have happened?

Mr. Spencer: I would say I spoke to him on a couple of different occasions, but basically he was indicating that he was representing people involved with that plan of subdivision file and that he was wanting to negotiate our position on that particular parcel of land with us.

Mr. Smith: So he made representation essentially that you should remove your objection on that land. Was that some time before you drafted these letters?

Mr. Spencer: Yes. I think some of the first contact was probably almost prior to the putting together of amendment 95. You know, it goes back some period of time.

Mr. Smith: Was this time roughly in 1980?

Mr. Spencer: I am not sure when I last spoke to him. I would say it had been some time. The preparation of that letter was as a result of the meeting with the minister, not as a result of representation from Mr. Webb.

Mr. Smith: Very interesting.

Hon. Mr. Henderson: I don't remember ever speaking to Mr. Webb, Dr. Smith.

Mr. Smith: You never spoke to him?

Hon. Mr. Henderson: I do not believe I did. Let me correct that. I think over in Government Services once he telephoned me about a problem.

Mr. Smith: That is all right. I never suggested—

Hon. Mr. Henderson: But I do not think I ever spoke to Mr. Webb personally over this.

Mr. Smith: I accept your word on that. But Mr. Spencer did have representations made to him by Mr. Webb, and it would appear that from this essentially, it seems to me, we have got all the information we are going to get from you.

The scenario seems to be that what you are now saying—and I simply cannot fathom why the story could not have come out earlier; I just want to go over briefly the story as it is now appearing to be presented to us, and then I will leave this question and take it up again in the Ministry of Housing—is that on rare occasions you might send out the parliamentary assistant to look at lands—

Hon. Mr. Henderson: Let me stop you there for a minute, Dr. Smith. Mr. McNeil and I generally meet every day, and quite often I ask Mr. McNeil, "Do you know this area?" Quite often he responds immediately that, yes, he does know. So about your statement that rarely we send him out, I would say we have dialogue on problems weekly.

Mr. Smith: Okay. Let me change the statement. Despite weekly dialogue on problems, the parliamentary assistant has rarely been sent out with a view to examining lands with a possibility of contradicting the view of your own food land development branch.

Hon. Mr. Henderson: No, no. You are wrong.
11:30 a.m.

Mr. Smith: Well, you have only told me of two occasions. One is a very small piece of land in Mr. McGuigan's area—

Hon. Mr. Henderson: No. Not to contradict, but to go out and investigate.

Mr. Smith: And investigate and check on it.

Hon. Mr. Henderson: Not to contradict.

Mr. Smith: Not to contradict; I understand—to go out and check on whether they ought to stand, whether the view of your food land development branch ought to be upheld or not. Do you like that better?

Hon. Mr. Henderson: Right.

Mr. Smith: So on this occasion, which is the only major occasion this has ever happened apparently—

Hon. Mr. Henderson: Wait a minute. Mr. McGuigan's was pretty major to him too.

Mr. Smith: Was there \$19 million of profit standing to be made on Mr. McGuigan's?

Hon. Mr. Henderson: But it was just as important to Jim McGuigan. To me, a small thing is as important as a big thing any day. Mr. McGuigan's problem, he would tell you, was just as important to him.

Mr. Smith: On a matter of any size this was the only time it has happened. This happened allegedly because a phone call was received from Mr. Hodgson. It was assumed by your assistant, Miss Smiley, that Mr. Hodgson was acting in his capacity as parliamentary assistant; so she presented a memo to you, saying that the Ministry of Housing had called rather than mentioning Mr. Hodgson by name.

She spoke to Milt Farrow in Housing about it but doesn't remember what he said. She spoke to Mr. Spencer. And somehow from those two conversations it was her idea that you could send out Mr. McNeil to have a look and see whether the food land development branch ought to be upheld.

Hon. Mr. Henderson: She confirmed that by note.

Mr. Smith: She wrote that note undated. This matter was then discussed by you with your deputy, and it was decided to send Mr. McNeil out.

Hon. Mr. Henderson: Let us clear the record right there, Mr. Chairman. Mr. McNeil came back into a meeting. Mr. Spencer, Dr. George Gollin, my deputy, myself and Mary Smiley were there. The conclusions were reached there.

Mr. Smith: You decided to send Mr. McNeil out.

Hon. Mr. Henderson: No, no. This was after I had been out.

Mr. Smith: I mean before.

Hon. Mr. Henderson: Oh, before.

Mr. Smith: You met with your deputy, and then you decided to send Mr. McNeil out.

Hon. Mr. Henderson: I presume the deputy was there.

Mr. Smith: You think he was there. Mr. McNeil then came back. He reported that in his view the land was not suitable for agriculture and could be utilized for housing.

Hon. Mr. Henderson: Why don't we let Mr. McNeil say what he told us at that stage?

Mr. Smith: That is fine.

Hon. Mr. Henderson: Why don't we, Mr. Chairman?

Mr. Smith: I know the conclusion that came about.

Hon. Mr. Henderson: I think it is important that Mr. McNeil—

Mr. Smith: I will be asking Mr. McNeil at great length.

Hon. Mr. Henderson: No. You will be referring to this. Let Mr. McNeil put in what he told us right there—

Mr. Smith: I am not interested in that.

Hon. Mr. Henderson: No. You don't want the truth.

Mr. Smith: I know perfectly well that Mr. McNeil did not say you should uphold your food land development branch.

Hon. Mr. Henderson: You want to cloud the truth. You don't want to be fair.

Mr. Smith: Mr. Minister, we are almost finished. Let us continue on a civil basis.

Hon. Mr. Henderson: No. We are going to be here a few years yet. You might be near finished, but we are not.

Mr. Smith: If I may proceed on a civil basis, Mr. McNeil's views presumably led you to believe that your food land development branch had erred in its first opinion.

Mr. Spencer shakes his head no. Mr. Spencer, did Mr. McNeil's views convince you that your food land development branch was correct in saying that the land should not be utilized for housing?

Mr. Spencer: I just find it interesting that you can simplify the thing so simply. There is a very long history, and there are various portions of the parcel. We were in favour of some portions and we were opposing some portions.

Mr. Smith: It is clear in Mr. Van Wesenbeek's original letter that some portions were good for agriculture and some were not, but the decision was made by the branch that on the whole the matter should not proceed. That was the decision made by your branch.

Mr. Spencer: Yes. But it was conditional on getting changes.

Mr. Smith: There is nothing here—Housing was told very plainly by Mr. Van Wesebeek, and Mr. Pinder continued to present that attitude even as recently as the Ontario Municipal Board hearing.

Mr. Spencer: I think the point is that we are involved in a negotiating process. I think this is one of the things that is lost in the matter.

Mr. Smith: The OMB are not.

Mr. Spencer: No. You are not at the OMB, but in the initial stages. During the first three years, or however long we were involved with in our correspondence back and forth with the Ministry of Housing, what we were involved with was a negotiation process with the proponents.

We were simply pointing out that we could not see approving certain portions of the parcel under the guidelines and certain portions we were prepared to approve. All right; so we have a split opinion, and what we were saying is that we cannot approve the thing as a whole. That normally leads to modifications of the proposal, and if one has modifications of the proposal, then we as staff can possibly approve of the modified proposal.

In this particular instance there were no modified proposals. The proponents hung tough. They said, "You have got to deal with it as a whole." What we did then was have our meeting, where we had not only staff opinion but the opinion from Mr. McNeil and others, and the ministry decision at that point was that if we had to deal with it as a whole we would approve it, and that was the message that was conveyed.

Mr. Smith: And yet the opinion of Mr. Pinder, which he continued to give at the Ontario Municipal Board, was that if you had to deal with it as a whole you ought not to approve it.

Mr. Spencer: As I understand an OMB hearing, this is a new hearing and at that point you again put forward all of the information you can, so that the chairman of the panel can make an informed decision. What we were putting forward was what our opinion was, that portions of the parcel were good and portions of it were not, and that is the testimony that Mr. Pinder put forward, and it was up to the panel chairman to decide whether he should divide the thing or whether he should deal with it as a whole or whatever, and that is precisely what happened.

Mr. Smith: Mr. Spencer, I really must draw to your attention that your own letter, which you drafted for the minister, says that the ministry is

withdrawing its objections. Now, those objections were very plain, and when you read those objections you can see that those objections said clearly, "There are some parts of the land to which we have no objection and some parts of the land to which we have objection." That was very plain, and the overall result of that opinion is that on the whole the ministry took a position against the proposal as it stood.

When you say you are withdrawing your objections, you cannot now surely come in here and say that what you really meant to say was that you were still objecting to some parts but not to others, because that was in your original one.

Mr. Spencer: I am not saying that, sir. What I am saying is that we withdrew, that was the ministry position, to withdraw. The next step in the OMB hearing, which as I say is a new hearing as I understand. So we start from the beginning and we present all the information on it again, which was the staff's position and the minister's position, the ministry's position as a whole, and then the board chairman makes his decision.

Mr. Smith: What I am saying to you then is when you withdrew your objection you withdrew your objection, period, and you simply cannot say that you were in a negotiating situation.

Mr. Spencer: No, not once we withdrew.

Mr. Smith: The negotiations were over. The opinion given by your own food land development branch quite plainly said that on balance they shouldn't go through because too much of that land is still good for agriculture. It has always made it clear that some of the land was not good for agriculture, right?

Mr. Spencer: Yes, but I am saying when that particular letter was put forward we were still in a negotiating position. We were negotiating between the proponent, the ministry of housing and ourselves.

Hon. Mr. Henderson: Or we felt we were, Mr. Spencer. We thought we were.

Mr. Smith: Let me see if I understand you now. What you are saying is that when your food land branch took the position of saying that too much of this land was still good for agriculture and therefore it should not be used for housing—you had no objection to certain portions, but that too much of it was good for agriculture—when you did that you really put in

forward as a negotiating position, hoping that there would be a return offer from housing and from the developers via housing?

Mr. Spencer: That is correct.

Mr. Smith: That is what you are saying. Then, when it came time, when there was no return offer and you had to say yea or nay to the whole package, you then decided, based on Mr. McNeil's views—

Mr. Spencer: Well, everything.

Mr. Smith: —and everything, to say yea, when you had previously said nay. The nay was really a sort of negotiating position, that is essentially what you are saying; you felt it to be a negotiating position?

Mr. Spencer: It definitely was. We were attempting to get the proposal modified.

Mr. Smith: I see. Since you couldn't get it modified, you decided you might as well accept the whole thing?

Hon. Mr. Henderson: That was decided by higher-ups.

Mr. Spencer: It was a decision.

Mr. Smith: A decision not by Mr. Spencer, but by the group?

Hon. Mr. Henderson: Mr. Spencer was part of it.

Mr. Smith: By the ministry?

Hon. Mr. Henderson: Yes.

Mr. Smith: I understand.

11:40 a.m.

Hon. Mr. Henderson: I would point out to the Leader of the Opposition that on May 25, when this question first came up, he reminded me that some of my staff had given evidence contrary to my letter and I said this points out quite clearly that the minister does not interfere with his staff on any recommendations they—

Mr. Smith: You then issued a memo telling them not to do that again.

Hon. Mr. Henderson: Wait a minute. No, I did not. I told Mr. Spencer that he runs his department, not the staff. Did I not, Mr. Spencer?

Mr. Spencer: That is correct. I think the quote Mr. Smith brings up is how I was quoted in the paper, and what I pointed out there was that the minister and I had had a discussion and he was concerned that our actions had been interpreted as being in conflict with his and he did not wish it to happen again. I think that is fair enough. Anyone should expect that.

Mr. Smith: I will cease my questioning and simply say we have here a very clear case where a proposed development, in which profits in the field of \$70 million to \$90 million stand to be made by certain developers, was originally felt to be unsuitable because of the agricultural nature of the land by objective experts within Mr. Spencer's department, but then—in the course of time and after certain representations by the developer's lawyer and by Mr. Hodgson, acting apparently as parliamentary assistant to the minister of housing, even though the matter was in front of the OMB, because the Ministry of Agriculture and Food apparently did not realize it was in front of the OMB, and largely at the suggestion of the executive assistant to the minister—a somewhat extraordinary procedure was followed, resulting ultimately in the withdrawal by the ministry of its original views on what this land should be used for.

I would say I am very disappointed in the functioning of the food land development branch and the ministry in this regard and I find the original answers given by the minister in the House to be very difficult to comprehend. I have some questions for the Ministry of Housing, for its people, particularly since the meeting Mr. Hodgson had which allegedly gave rise to his call to Miss Smiley was, according to our records, a meeting that happened approximately a year earlier. We will have some questions for the ministry of housing.

I may want to come back to this matter in the House later. Otherwise I thank the committee for the time it has given me. I just express my very serious concern that powerful developers and powerful interests can get the Ministry of Agriculture and Food to jump through such hoops and turn such cartwheels.

Hon. Mr. Henderson: Mr. Chairman, let the record show, and let Mr. Smith stay here to understand the record, we could go on for two hours and read documents into this; but if Dr. Smith would go back to the letter that he refers to from Mr. Pinder to the Minister of Housing, a great portion of this was approved in that original letter. We are talking about a very small portion where the ministry—

Mr. Smith: Not true, Mr. Minister. If you will check your—

Hon. Mr. Henderson: All right. I have read that.

Mr. Smith: If you will check it you will see that—

Hon. Mr. Henderson: If you are prepared to go up to the grounds and look at the map—

Mr. Smith: The member for Huron-Middlesex (Mr. Riddell) has gone to the grounds. It is Mr. Riddell's view that if you ruled out of agriculture, land of the kind that he saw there, you would have agriculture in Ontario perhaps only in Kent and Elgin counties and some of the very flat lands and you would probably fold up Huron and Grey and Bruce counties because it is simply too meagre agricultural land.

Hon. Mr. Henderson: Let us give Mr. McNeil a chance to say what he actually saw there.

Mr. Smith: I will be glad to listen to Mr. McNeil.

Mr. McNeil: I might start out, Mr. Chairman, by saying that the minister asked me to visit the site to assess the site as to its ability for modern agriculture. That is exactly what I did.

When I visited the site, I saw some very hilly land which in my estimation would not lend itself to modern-day agriculture. I even have some land on my own farm, and I have fairly flat land, that does not lend itself to modern-day agriculture because it is located around gullies and consequently we leave it producing grass, but it does not produce as much as it would if it were producing corn, soybeans or some cash crop.

When I returned I said the hilly land would not lend itself to modern day agriculture. You will remember, Mr. Minister, I said the valley land looked to be quite productive. You can tell, even in the fall of the year, particular land that had not been used during the summer, and some of that had not been. On the hill land there was some mature grass, June grass as we call it. We have it on roadsides. We will have a very good production of June grass early in May and June and then it dries up. That is what I witnessed on the hills I visited.

We could see the bottom land was more productive. I did not see that it was overly productive but it would lend itself to modern-day agriculture, particularly to pasture land. But the hillsides were not producing and would not produce economically compared to the valley land.

Consequently, I came back and told the minister I did not feel the hilly part of the project was good for modern agriculture. I am probably prejudiced because I have had experience with big machinery. In this day and age, we are working with big machinery and we have to in order to produce economically. That is the way I assessed it.

I remember the member for Huron-Middlesex

rising in the House and saying that he saw very lush growth there when he visited last spring. We have very lush growth on our roadsides in the spring of the year, but it is not good, economical agricultural land. It produces a lush growth in the spring and then about the middle of June it is done. That is the way the hillsides are in that area in my view.

Hon. Mr. Henderson: Mr. Chairman, let the record show that I do not know any of the developers in this area and I do not know any of the farmers, to the best of my knowledge. I do not know one of them.

Mr. Smith: I have never said you did.

Hon. Mr. Henderson: I have no idea who they were, other than what has been mentioned in the House.

Mr. Smith: Ask Mr. Hodgson.

Hon. Mr. Henderson: Mr. Hodgson came to Miss Smiley, and Mr. Bennett and I talked about it, but as of this date I could take an oath that I do not know and have never met any of the people. I was acting in my role as minister and I felt my staff were overprotective after Mr. McNeil's visit. After all, we must have houses someplace and it must be on low productive land. That was the purpose of our letter.

Mr. MacDonald: Mr. Chairman, could I clarify just one aspect of this? I do not want to review the whole thing at all.

The Ontario Municipal Board is a quasi-judicial body and witnesses who come before it are under oath. They are testifying in terms of their expertise as professionals in whatever field they happen to be. If they happen to be civil servants, they are testifying in terms of knowledge of what happens within the ministry they are involved in. The thing that has really puzzled me, as a tag end to this whole proposition, is the minister's stipulation that never again does he want a civil servant, in effect, to tell the truth—

Hon. Mr. Henderson: That is not correct.

Mr. MacDonald: Just a minute, let me make my point.

Hon. Mr. Henderson: That is not correct and you know it.

Mr. MacDonald: What do you mean I know it?

Hon. Mr. Henderson: I never told Mr. Spencer that they were not to tell the truth; I told him that he was to run his department, not the staff.

Mr. MacDonald: It is interesting how the total public impression has been that you have indicated—

Hon. Mr. Henderson: Because you and a few others have cause to create the other impression.

Mr. MacDonald: Hold on. Just a minute. The public impression is clearly that you have said no civil servant is going to contradict your position. That means if they do not live up to their professional obligations and their obligations as civil servants about things they have knowledge of, they are going to have to perjure themselves.

Hon. Mr. Henderson: No, that is not correct.

Mr. MacDonald: Why isn't it correct?

Hon. Mr. Henderson: I will ask Mr. Spencer to respond as to what that conversation was.

Mr. Spencer: My response is the same as the one I gave to Dr. Smith. We had a discussion about the whole incident. Mr. Henderson was quite justifiably concerned that what we had done was interpreted—and I think that is the key to it—it seemed to be generally interpreted that we were in conflict. We did not feel the testimony at the OMB, understanding what the OMB is about, was in conflict, but it had been interpreted that way. What we were concerned about was whether we could avoid that situation again, the fact that it might be interpreted.

11:50 a.m.

As I said at that time, one of the things we wanted to look into was whether having our own counsel, legal representation, at the hearing could assist us in avoiding that kind of problem. That was what our discussion was. It had nothing to do with what we had actually done. It had to do with how it had been interpreted and how to avoid having that kind of interpretation again.

Mr. MacDonald: Does that mean you are going to have legal counsel at all the OMB hearings henceforth?

Mr. Allan: I would like to answer that, because I was intrigued when I came in as deputy about how the process does work. Like the minister, I tend to have a very simple theory that the guy who directs the branch takes the rap. I am not going to look any further. I do not care how many experts there are down there. Somebody has to take the responsibility, because I expect I have to take it.

If necessary—I will be very frank—I will go out and look at the bloody farms myself to have a second view or to take a good look at it. I brought the ag rep in on a case we have now because, in my simpleminded view, he probably

is one of the good guys to go and take a look at it. He lives in the community. We had an ag rep testifying at the OMB in this past week on one of these cases. It is common sense that we have specialists at head office and we have an army of people out there who live in the communities and see them every day. Their view is certainly going to be taken into account, as far as I am concerned, and, if necessary, I will go and look at them myself.

Mr. MacDonald: This leads me directly into something else. This is moving on to another point. I am puzzled as to why, on such occasions as now, for example, we have the Thorold town application to get more agricultural land after it has had a clear statement from the OMB. Is this not a time when the ministry should move in and say, "Nuts, we've had a decision on that," and call a halt, so that you do not have to have citizens digging into their pockets and collecting funds in order to expend another few hundreds of thousands, if not millions, of dollars on a high-priced hearing before the OMB.

Here is another case. The minister received a letter from Robert Kay up in Orangeville, the Glentirran farm, RR 5, Orangeville, with regard to a battle that has gone on before the OMB. Some developers want to use 70 acres of golf course land within 2,000 feet of this man's sheep farm. If you are going to permit development within 2,000 feet of this man's farm you are getting into a violation of the code of practice. Is there not an obligation for the minister to move in and say, "Look, we have a code of practice. We are trying to keep urban and rural developments from being so close together that they get into each other's hair," and to state that case. But the whole complaint of the Kay brothers is that they were never able to get—

Hon. Mr. Henderson: Let us answer each one individually, Mr. MacDonald. Let's talk about Thorold.

Mr. MacDonald: Okay.

Hon. Mr. Henderson: There is no application to our knowledge.

Mr. MacDonald: There is no application yet?

Hon. Mr. Henderson: No, not to our knowledge.

Mr. MacDonald: Boy, I wish the member for Welland-Thorold (Mr. Swart) were here because he has the details. Are you saying that when an application is made you will intervene and say

you finally have got it resolved, that the food lands are going to be protected and there will be no more efforts to gobble up land?

Hon. Mr. Henderson: I will let the director answer you. He knows that issue quite well.

Mr. Macdonald: Okay. These are separate issues. Let us deal with Thorold first.

Mr. Spencer: The Thorold situation, as we understand it, is that some land owners or planning staff, I am not certain who, but someone has initiated discussions at council.

Mr. MacDonald: No, the council has agreed by vote to request that X number of acres of land now should be brought into the urban area.

Mr. Spencer: Okay, you are more up to date than I am.

Hon. Mr. Henderson: Officially, we are not notified. Can we say that, Vern?

Mr. Spencer: Yes, we have not been notified. I do not believe the Ministry of Housing has been notified, because when the matter came up, we asked and my understanding was that it was just under discussion. I did not realize they had passed it. I presume from what you are saying that they adopted some proposal and are proposing to forward it to the Ministry of Housing.

Mr. MacDonald: Okay, my question then to you, Mr. Spencer, is, after millions of dollars have been spent by private citizens through the coalition to preserve food lands down in that area, you have got a decision that there is going to be no more of this prime agricultural land gobbled up for nonagricultural purposes. Are you likely to intervene when you formally know that and say, "No," and take a stand to assist these people, so they do not have to go out and collect the money for further hundreds of thousands or millions of dollars of expenditure?

Mr. Spencer: Mr. MacDonald, I cannot prejudge the case. We will have to look at what is being proposed, what the justification is—you know the guidelines—and determine from that what stance we should take.

Mr. MacDonald: Why do you have to when the OMB has gone through such a lengthy hearing and said, "No."

Hon. Mr. Henderson: Are you suggesting there is going to be another OMB hearing, or are you suggesting there is going to be an appeal? When was the OMB hearing?

Mr. MacDonald: The OMB hearing was completed no more than five or six months ago.

Hon. Mr. Henderson: Are you talking about an appeal to cabinet?

Mr. Spencer: No, as the Planning Act allows, they are starting a new initiative, and part of that involves trading—if you want to use that word—lands approved in the most recent OMB decision for these lands. As I say, we will have to look at that to see if it is justified, as the guidelines say, and then make a decision. I would not dare to prejudge it.

Mr. MacDonald: You would not dare to prejudge it, but are you likely to become a witness who will take a position, I hope a position in the defence of agricultural land?

Mr. Spencer: We will be defending agricultural land. But at this moment I still say that if the "trade"—if it is a trade; I have not seen any documents—is a reasonable and sensible one, then we might be supporting the thing. I cannot project.

Mr. MacDonald: Okay, fair enough. What I am focusing on here is what is your role and when do you exercise it in terms of bringing your influence to bear before OMB hearings for the protection of prime agricultural land, or for creating problems that presumably you want to avoid? This takes me to the other case in Orangeville.

Mr. Spencer: Our official role is, at the point when the application has been made to the minister of housing for approval, simply by being in existence—and because of some of the things we do—we are involved on an advisory basis prior to things reaching that point. We have been approached by the people who are interested in this Orangeville situation. We have outlined to them our understanding and interpretation of the guidelines and the most recent OMB decision and the cabinet appeals. We think they are fully informed of what those things mean and should mean. We shall have to see whether they proceed—

Mr. MacDonald: Let me get an illustration and clarification of it, switching to the Orangeville situation. Here you have farmers who have been operating a sheep farm for some time. A developer comes up with the bright idea that he is going to have a housing development on 70 acres of golf course land. It is within 2,000 feet of the farm, and, therefore, presumably is in violation of the code of practice. The farmers pleaded with you—I have a copy of the letter they wrote—as they had pleaded with your predecessor, Mr. Minister—for some intervention to avoid creating a situation, which your

code of practice is set up to avoid. Why do you not move in cases like that? They pleaded in vain.

Hon. Mr. Henderson: Mr. Spencer knows this case fully. He will attempt to assist you.

Mr. Spencer: As you know, the guidelines have some overall standards for agricultural land. This is Dufferin county. I'm not certain whether there is a Dufferin plan that overrides it, or whether it is a local municipal plan. In any event, the particular lands Mr. Kay is farming are not identified as agricultural land in that plan. That is mostly because of topography and partly because of the droughtiness of the soil, neither of which are real restraints on his sheep-raising operation, as he and his brothers have set it up.

12 noon

The other thing is that there are many acres of land that have very rough topography and very poor drainage, and then there are a few pockets, one of which is the Kays' actual property, that are good lands, so you have the reverse of what we often find. You have a pocket of good land in among some pretty rough lands. Usually the cases we are involved with are the other way around, where you have got a bit of poor land in an area of good lands. We have always argued, either way, that we should have as large and contiguous a designation as we can.

In this particular instance, we had approved or at least acquiesced in, or whatever the proper word is, the plan for that area, not showing that is agricultural land. That basically limited us in terms of how we could respond. We had supported the plan, and we had to continue to support it. We did suggest to Mr. Kay that, if he wished, we were available to assist him in his case, if he wanted specific expertise about his particular parcel or anything else. He declined that offer.

Mr. MacDonald: It is pretty difficult to argue with a farmer who has been engaged in farming for quite some time that the land is not agricultural and.

Hon. Mr. Henderson: But his little parcel is.

Mr. MacDonald: Yes.

Hon. Mr. Henderson: A small portion.

Mr. MacDonald: The other interesting factor here is that the local township was opposed to the deal, Mono township.

Hon. Mr. Henderson: Was it opposed to the deal? Wasn't it the township's plan that designated—

Mr. MacDonald: "The controversial application for the development of the Mono Hills country club has been rejected by the Mono township council." That's the first paragraph of—

Hon. Mr. Henderson: Yes, but to go back to what Mr. Spencer said, we are not sure whether it is the county or the township, but the municipality didn't designate it as agricultural land. Isn't that what you—

Mr. Spencer: That is my understanding, although I don't have the file here.

Hon. Mr. Henderson: It might well be what you are both saying. Mr. MacDonald said the municipality opposes this development, yet it designated the land as nonagricultural land. We would have to go back to the file.

Mr. MacDonald: Maybe it has resolved that if men have been farming for 20 years, whatever it is—Scottish sheep farmers who have come and established sheep farming out here, and have been engaged in it for 15 or 20 years—and now they come along and suddenly say, "This is not agricultural land and there is going to be an urban development"—I don't know whether 2,000 feet in your code of practice is a violation of the code of practice—

Mr. Spencer: I don't know whether that was a problem. It is calculated on the specific case. I am not certain in that instance whether it was a problem.

Mr. MacDonald: You mean sheep aren't as smelly as hogs and therefore they can be closer to the urbanites?

Hon. Mr. Henderson: It depends how close you are to them.

Mr. Spencer: You work out an animal unit basis, and the distance is based on that.

Mr. Allan: Mr. MacDonald, the last time I was in Scotland I saw clubhouses with sheep grazing 10 feet from the them. I can tell you that Scottish sheep farmers have got sheep grazing everywhere and very close. I don't know whether they have a code of practice, but I know they have sheep grazing within 10 feet of some pretty modern-looking buildings.

Mr. MacDonald: That is not the Ontario code of practice.

Mr. Allan: No. I will find out what it is.

The Vice-Chairman: If I can interrupt here, we have been on this area for an hour and 20 minutes, and I have allowed it to go quite freely. We do have two more people who wish to make comments. I am not really trying to direct

discussion, but we are getting ourselves, or could be getting ourselves, into a bit of a time bind. We do have a number of major areas yet to be discussed, so I just ask the committee to keep that in mind.

Mr. McGuigan: I wanted to ask a couple of questions on this thing of Mr. Smith's.

Interjections.

Mr. Smith: I had two questions because the minister contradicted himself.

Mr. Eaton: You fellows have taken up over an hour on the subject. Surely we can ask a question or two about it.

The Vice-Chairman: For now, I have Mr. McGuigan's name down next, and then Mr. Eaton and Mr. Smith. So I will take them in that order.

Mr. McGuigan: Mr. Chairman, with your concurrence, I would like to defer to Mr. Smith. He has some references here to Hansard that I think the minister would want to have cleared up because they do require an explanation.

Mr. Smith: Mr. Chairman, would the minister attend for a moment to his statement in the House—I will be very brief—of June 8, 1981, in which he said, "Mr. Speaker, I told the honourable member Friday that my file starts with the letter to the Minister of Housing. I have nothing previous to that; it is as simple as that."

How did the memo from Miss Smiley suddenly appear?

Hon. Mr. Henderson: That is an in-staff memo. If you want to look at that as a letter, that was my staff conveying to me. That really is—

Mr. Smith: Was it part of your file or was it not part of your file?

Hon. Mr. Henderson: That is not part of the official record.

Mr. Smith: It is not part of your file?

Hon. Mr. Henderson: The first letter that I did publicly on this is the one I mention in that statement and which you have seen, and it's not hidden in any way.

Mr. Smith: The specific question here—it is a very serious matter—was on the nature of the phone call that was received and which started this whole thing, and he says, "I told the honourable member Friday that my file starts with the letter to the Minister of Housing. I have nothing previous to that; it is as simple as that."

Suddenly there appears a memo allegedly written at the time—and I am not sure if the witness was sworn or not; I hope for her sake she

was not—but in any event a memo comes along allegedly written at the time, when you had told the House that you had nothing on the nature of the phone call. We asked you repeatedly, "What was the nature of the phone call you received?" You said you had nothing previous to the letter from the minister of housing.

When did you first remember that memo from Miss Smiley?

Hon. Mr. Henderson: Mr. Chairman, the honourable member is trying to read something in that is not here. I have given all the information—

Mr. Smith: When did you first remember that you had a memo from Miss Smiley?

Hon. Mr. Henderson: Miss Smiley came forward this morning and—

Mr. Smith: This morning?

Hon. Mr. Henderson: Miss Smiley came and answered all your questions this morning. You are trying to read something that is not in there.

Mr. Smith: Mr. Minister, when did you first know that that memo from Miss Smiley existed?

Hon. Mr. Henderson: I never ignored the fact that Miss Smiley brought this to my attention, Mr. Chairman—never; and that's all that memo does. What my statement referred to is the first document that went out.

Mr. Smith: One last question, Mr. Chairman.

Hon. Mr. Henderson: Mr. Chairman, there never was a question of what was the conversation within my staff, and I took that as part of staff conversation.

Mr. Smith: The record will show otherwise.

Mr. Chairman, one last question: Two weeks after I had started questioning on an almost daily basis on this issue I asked the minister specifically if the phone call had possibly been from the parliamentary assistant to the Minister of Housing, Mr. Hodgson, I asked him three times, and each time he refused to say or he said he could not remember. On one occasion he even implied that it was not, but he didn't say it outright.

Can I ask the minister why at that time, since he must have remembered by then that Mr. Hodgson had made the call, he continued to avoid admitting it in the House?

Hon. Mr. Henderson: Mr. Chairman, again, I answered the honourable member quite clearly on that this morning. When I responded that

say I was convinced in my mind that it was from the conversations that I had had with the minister.

Mr. Smith: Two weeks after the questioning started?

Hon. Mr. Henderson: Yes. Two weeks after the questioning—

Mr. Smith: Miss Smiley did not even talk to you in that time or show you this so-called memo in that time.

Hon. Mr. Henderson: I did not look at this memo during that time.

Mr. Smith: And she didn't talk to you at that time and tell you—

Hon. Mr. Henderson: Miss Smiley and I talk every morning.

Mr. Smith: She didn't tell you who made the call despite my questions to you?

Hon. Mr. Henderson: No. I continued to say it was Mr. Bennett.

Mr. Smith: I asked you day after day who it was—

Hon. Mr. Henderson: And I continually said was—

Mr. Smith: —and she did not tell you once that it was Mr. Hodgson? This suddenly came to her now?

Hon. Mr. Henderson: No. It didn't suddenly come to her, but in my thoughts the call started from a conversation between Mr. Bennett and me.

Mr. Smith: Her minister was being questioned daily in the House as to who made the call; she knew it was Mr. Hodgson, but she did not tell you even though she spoke to you every day?

Hon. Mr. Henderson: No, Miss Smiley never misrepresents the truth. You're trying to—

Mr. Smith: I am asking you, Mr. Minister—

Hon. Mr. Henderson: I have answered you clearly—

Mr. Smith: —even though you talk to her every day she never bothered to tell you, although you were under questioning every day, that the call had come from Mr. Hodgson and not Mr. Bennett? She spoke to you every day and never told you that, even though that memo allegedly existed at the time?

Hon. Mr. Henderson: Mr. Chairman, the honourable member again is trying to put an interpretation that is not there. This morning I made it quite clear to you that Mr. Bennett and I

had spoken individually about it. I never asked Miss Smiley who brought it to her attention during that period. The memo was there.

Mr. Smith: When did she tell you it was Mr. Hodgson?

Hon. Mr. Henderson: Mr. Hodgson got up in the House and told you.

Mr. Smith: Only at that point; until then you didn't know?

Hon. Mr. Henderson: After I remembered, she did quote that Mr. Hodgson had said so-and-so in their verbal talk, and I don't hide that.

Mr. Smith: I see. So it came back to mind that she had mentioned Mr. Hodgson—

Hon. Mr. Henderson: No, not that she had mentioned he called—no. You are trying to mislead the committee. That is not so. Not until after Mr. Hodgson and I went out that day to Miss Smiley and I said, "Who really phoned you?" was it that she told me. That's the first that I really asked her—

12:10 p.m.

Mr. Smith: That was the day when Mr. Hodgson stood in the House—

Hon. Mr. Henderson: The day after he made his statement.

Mr. Smith: The day after he stood up in the House.

Hon. Mr. Henderson: That day.

Mr. Smith: Then you went to Miss Smiley and said, "Who did call you?" and she said, "Oh, yes. I didn't mention it to you before, but it was in fact Mr. Hodgson." You had been under questioning for two weeks. "I never bothered to mention it to you, but now that you ask, yes, it was Mr. Hodgson."

Hon. Mr. Henderson: She said, "Mr. Hodgson was the one who called me."

Mr. Smith: Sure, sure; and you'll believe anything if you believe that story, Mr. Minister.

Hon. Mr. Henderson: I don't have to believe it; I know it. You're trying to make something else, which is your usual trick.

Mr. Smith: I will believe for the sake of Miss Smiley that—

Hon. Mr. Henderson: You don't want to believe the truth.

Mr. Smith: I will for her sake and not for yours.

Hon. Mr. Henderson: It's no wonder you are leaving politics if that's the way your mind runs around in circles.

The Vice-Chairman: I think we've spent adequate time on this issue. Did you wish to ask—

Hon. Mr. Henderson: I think Mr. Eaton comes next, because—

The Vice-Chairman: Mr. Eaton was not pleased with the order that I was passing questions, and he left.

Mr. McGuigan: I did have one more question for the record following on. I wonder what the minister's recommendation will be to the cabinet when they consider how this land is to be disposed of.

Hon. Mr. Henderson: Mr. Chairman, the honourable member knows that anything that happens within cabinet is confidential.

Mr. McGuigan: I was curious. I thought perhaps you might tell us, but I accept that.

The Vice-Chairman: Can we leave that particular area, then, and move on to some other area of interest? We are in the second vote, and I believe we have passed 1902(1). If we could move down through that area, I believe we agreed to talk on the food land guidelines. I suspect that that related possibly to item 2 there, although I'm not totally clear on that.

Are there any other questions in that particular area? In the general list, crop insurance does come next. Does the committee wish to get into that at this time? We do have about three quarters of an hour. Is that your wish?

Item 2 agreed to.

The Vice-Chairman: Do the crop insurance people wish to come forward so we can get into that area?

Hon. Mr. Henderson: What did you say, Mr. Chairman? I was talking to—

The Vice-Chairman: We are going into crop insurance.

Hon. Mr. Henderson: Henry Ediger is here, the director of this particular branch, and we will be very glad to try to answer any—

Mr. McGuigan: Am I free to go ahead on that one?

The Vice-Chairman: Yes.

On item 3, crop insurance:

Mr. McGuigan: Mr. Chairman, as you know, this has been a very difficult farming year, especially in southwestern Ontario, the area I represent, at least part of it. It has been very hard on the county of Essex and a good deal of Kent—largely in Kent, the area south of Highway 401 and from the southwestern border

where it meets with Essex to about Ridgeway, and then a very narrow strip of land that extends along the lake to my colleague's riding in Elgin as far as St. Thomas.

That strip of land has had extremely high precipitation this year. In some cases it goes through almost 1.75 times the average precipitation, and the result of it is that crops have been hurt very badly, particularly soybeans. There are crops in the heavy clay lands, and in some cases it's questionable whether they are worth the cost of harvesting, because it costs something in the neighbourhood of \$30 an acre to combine these crops. In some cases there are scarcely enough beans there to pay for it; there are some lands that have been planted three times and still there are no crops. I am not blaming this, of course, on the government.

Concerning those people who have crop insurance and have had it over a period of up to five years, the director of the crop insurance branch tells me that they have as high as 80 per cent coverage, and this can amount to 30 bushels per acre. They have a price option of \$5, \$6 and \$7 a bushel, and in the case of those people who have \$7 a bushel it will be honoured even though the price of beans might be less than \$7. In fact, it is less than \$7 at the present time. So when you look at the coverage that's available it's pretty good coverage.

My question is why we don't have more farmers enrolled in the program. It appears that the answer to that is that the farmers don't go in until they have had a loss. They say to themselves, "Why should I get into this program? I've never had a loss." Yet when they apply the same test to other areas of insurance—say, fire insurance or automobile insurance, and especially to the collision aspects of automobile insurance—there are very few farmers who couldn't afford to repair their own cars. In other words, they could carry their own insurance especially on the repair of their own cars, not on public liability damage, and yet as a matter of tradition or habit they give themselves that protection.

So I'm wondering what is wrong with our program that we don't sell it to them a bit better than we do. I think the coverage in Ontario for crop insurance is something like a little over \$400 million. In Saskatchewan it's over \$1-billion in coverage. I am wondering what we can do to give it a harder sell in order to convince

farmers that they should carry crop insurance. I certainly wouldn't suggest that we have compulsory insurance.

Hon. Mr. Henderson: That's what I wanted to get clear.

Mr. McGuigan: No, I wouldn't suggest that.

Hon. Mr. Henderson: You agree that it should not be compulsory.

Mr. McGuigan: I think farmers should have the right to manage their farms, as far as the good of the public is concerned, to their own choice. I would certainly argue against any hint of compulsory insurance, as I know you would.

Hon. Mr. Henderson: I had hoped that that would be your position.

Mr. McGuigan: I know you would take the same position. I think any farm politician would take that position.

Hon. Mr. Henderson: Not only as a politician, as a farmer too. I would be madder than hell if any government—

Mr. McGuigan: Anybody who speaks up is a politician in a sense, anybody who gets into the process.

Hon. Mr. Henderson: Might I answer you partially? You are quite well acquainted with the farm community, as I like to claim that I am. As a farmer I think that is my choice to decide. Automobile insurance is something a little different. In the flick of an eye you can lose your total automobile, whereas with the crop it's a buildup: you see it coming, you prepare yourself for it.

The farmer is farming because he's an individualist. He believes he can conduct his business, and he is convinced that where he doesn't take crop insurance he is able to stand the loss; he is willing to take that gamble himself. Now, mind you, I haven't spoken to Mr. Ediger, but I wouldn't be shocked if you looked at some of the people who don't take crop insurance and I would think you would find them long, well-established farmers.

Mr. Ediger maintains differently. Well, I made that statement. Why doesn't he respond? What level of farmer does take crop insurance?

Mr. Ediger: I don't know whether you can define what level or what type of farmer takes crop insurance. It's a perceived risk. Generally, once a farmer takes it he stays in it, because he has protection; he sleeps better, he feels comfortable with it and so on.

12:20 p.m.

It is generally difficult to get him into it because it is still a relatively new program. Farmers still are an independent lot and like to think it will not happen to them. Our experience has certainly been that after a bad year in a certain area coverage goes up. I expect, Mr. McGuigan, in that area we will sell more crop insurance next year. There is interest right now.

Mr. McGuigan: The director is quite true in what he says. I would disagree with the minister saying that when people do not take it it is because they figure they can stand the loss.

I was somewhat disturbed to see on TV one night a farmer from the Grand Bend area with 400 acres of vegetables, most of which he lost. I would point out I brought to the attention of the minister here a year ago that those vegetable people should be covered. It was the first year he was available to have coverage. He gave as his reason for not having coverage that he had never had a loss before. He did not give as his reason that he could stand the loss. I calculated his loss mentally as maybe \$1 million. He had 400 acres.

Hon. Mr. Henderson: What riding is he in?

Mr. McGuigan: The riding where you are.

Mr. MacDonald: Could I ask a question? A few years ago there was some sort of crop failure down in Essex county and there was a request made for some emergency assistance.

Mr. McGuigan: In 1969.

Mr. MacDonald: In 1969. Bill Stewart was the minister at the time. He was quite clear. He said: "Look, owners have the choice whether they take it or not. If they don't take it and they misjudge it, then they have made their bed and they have to lie in it. There is going to be no assistance." He was quite blunt and forthright. So you have this real dilemma. If they misjudge the perceived risk, that is their problem. Is that essentially your approach still?

Hon. Mr. Henderson: A year or two ago, when I learned there was a drought in northwestern Ontario and the farmers just could not afford paying, we did break away from it, as you know, in conjunction with the government of Canada. We did it as Ontario because we felt it was a must that we try to supply those farmers with money.

We know what Mr. Stewart said. We maintained that at the time of the tornado in Oxford. We helped the farmers rebuild their farm buildings, but we did not help with the crop loss that resulted from that. We have maintained

that, but I just want to say that we broke away from that in northwestern Ontario at the time of the drought.

Mr. MacDonald: The dilemma I am trying to grapple with is the one Mr. McGuigan has been presenting and that is, what does he mean or what would anybody mean when he asks whether there should not be a more effective selling process? If the farmer has the choice, it is voluntary as to whether he takes it. He has not had a loss until now. He is going to gamble that he will not have a loss next year.

Hon. Mr. Henderson: Mr. McGuigan brings out a good point. Here is a farmer with 400 acres. That is a lot of land in that black muck south of Grand Bend. Mr. McGuigan will tell you that. He is quite right, 400 acres is quite likely \$1 million.

Mr. McGuigan: It has to be close to that.

Hon. Mr. Henderson: Yes, it has to be. But here he is, and until this day he has got along without paying that crop insurance premium. As of this moment, it has varied hardly at all since you saw it two weeks ago on TV. It was bad then; imagine how much worse it is now. That farmer is in my riding and he has never approached me. He is still suffering it out.

Mr. Ediger: I would like to say, Mr. Minister, it baffles me. I have driven through all of that area, about 50 miles, and I did not see one good crop of soybeans from Essex almost to where you live in Kent county.

Hon. Mr. Henderson: That is because of the member. He didn't fertilize enough.

Mr. Ediger: With all of those crops that are lost there, a lot of them have insurance and a lot of them do not have insurance. One can drive along the same road and look at all the buildings and there is not a building burnt in that area and yet one knows every darned building has insurance on it. It is the psychology of, "We are not buying it yet."

That is what we are trying to overcome. The insurance is sold by commission agents so there is an incentive to sell. I hope we can get more coverage in that area and in Ontario. We need people to look at it differently than they are at the present time.

Hon. Mr. Henderson: Mr. McGuigan knows that area as well as any person living. Let us be honest about it; I hate to give him that credit but it is the truth. He knows that area and knows it from a farmer's viewpoint. He can tell you that

the particular area this year that has no crops, that has crop failure, I do not think ever witnessed this before.

Mr. McGuigan: Well, 1969 was as bad during the planting season.

Hon. Mr. Henderson: That is right. They have never witnessed a failure in that area. That is considered the choice area of Ontario with the choice drainage. When our man came in from Ridgetown to present to cabinet, he pointed out one area there where a channel five feet deep and 10 feet wide was washed right through the centre of a farm. We never had that happen before.

Mr. MacDonald: That is the area you have in mind when you describe Ontario as the Garden of Eden, is it?

Hon. Mr. Henderson: No, any place in Ontario is the Garden of Eden.

Mr. McGuigan: I was afraid for the apple trees. I would like to suggest two areas where we can overcome this. It is a problem we all have, it is not just yours. One would be a harder sell. We cannot club the people, but there could be a harder sell in the way of advertising and information.

Another would be to answer a couple of reasons people give me for not having crop insurance. There seems to be a fair body of opinion that you have to have a total loss to get any money and, when you do have a total loss you do not get enough. Perhaps that is an excuse, but it seems to be common.

Hon. Mr. Henderson: Whoa; is that correct?

Mr. McGuigan: No, I know it is not correct.

Hon. Mr. Henderson: Okay. Let us not get the record thrown.

Mr. McGuigan: Until people have experienced it themselves, they often think that is a good excuse for not having crop insurance. There is a smaller wheel within that, too, and that is that in our area we have a lot of specialty crops such as tomatoes and tobacco.

Hon. Mr. Henderson: Peaches.

Mr. McGuigan: There are darned few peach trees.

Hon. Mr. Henderson: Clingstone.

Mr. McGuigan: We want to have that if you would agree.

Hon. Mr. Henderson: Grapes, the wine industry.

Mr. McGuigan: There are a number of specialty crops. People will insure those because

of the high value of the crop. They realize losing that crop could hurt them very badly, but then they will take a chance on their soybeans, wheat or corn. They will take a chance on it. The risk is just as great but there are fewer dollars involved. They also take the view: "It isn't likely I will lose everything on my farm. I might lose my tomatoes to frost. I might get a narrow band of hail coming through. Some insect will hit my tomatoes or tobacco but the other crops will come through."

I am wondering if there is any way, in this whole system of crop insurance, to add a bit of a kicker to the policy so that one thing triggers another. When a man loses all his crops, as has happened this year, there might be is a little extra payment. Spread across Ontario, it probably would not affect premiums greatly. I realize that, under the act, premiums over a long period of time have to cover the risk. I am not asking for a further government subsidy. I am just wondering if your statisticians and the fellows with the computers could take a look at this to see if there is not a little more that could be added in the way of helping a person who has a disaster.

Hon. Mr. Henderson: I am trying to understand what you are proposing, not to disagree or anything. You are proposing, let us say, instead of getting down to bushels per acre, that the present thing covers 90 per cent. We will use the figure of 90 per cent and Mr. Ediger could tell you what each crop is. Let us say that soybeans are 90 per cent, corn is 90 per cent and barley is 90 per cent.

12:30 p.m.

Let us say that is the situation today. I know it is not 90 per cent but it is similar to that. What you are saying is that, if I was a farmer with 50 acres I might put wheat in. I would get away from the specialty crops—corn, soybeans, barley and wheat, the four crops. What you are saying is, if there was a total wipeout, instead of them getting 90 per cent for the four of them they get a premium next year of five per cent on a dollar.

Mr. McGuigan: There are several ways of attacking it. They could have a higher payout or a little lower premium. A higher payout, I think, would be better.

Hon. Mr. Henderson: Let us go on with that for a time. Help me here and tell me how would that help out in that area. I drove down Highway 401 a month ago, the day you and I were in Ridgetown. I saw it that day and I saw soybean

fields. Are some of those farms a complete wipeout this year? Did they not have some wheat or did they not have some other crop?

Mr. McGuigan: The wheat was a fair crop but the average this year was about 55 bushels and normally it is about 70 in that area.

Hon. Mr. Henderson: Then it was not a complete wipeout?

Mr. McGuigan: No, it wasn't complete.

Hon. Mr. Henderson: I am trying to establish whether your proposal would be helpful.

Mr. MacDonald: Pursuing Mr. McGuigan's idea, you get to a point where it is a disaster and all his crops are wiped out, I would like to carry that idea one step further. I think it is time in Ontario that we established what is roughly the equivalent of what is available in the United States. If an area is a victim of a disaster, whatever be the disaster, a tornado or whatever you will, and the President designates one, there is an immediate formula or mechanism for relief.

I have always found it a bit invidious that when we have a disaster, for example a tornado, you will match any dollar they raise so the people who have been victimized and are flat on their backs have to raise \$1 before you will contribute \$1.

Hon. Mr. Henderson: Yes, but what Mr. McGuigan is bringing up is—

Mr. MacDonald: All I am saying is, if it gets to a disaster point, it is a disaster in the same sense whether it is a tornado or whether it is a wipeout of the total crop.

Hon. Mr. Henderson: You did not mention the crops in Oxford a couple of years ago. I pointed out that in the disaster fund we said the crops could have had crop insurance, except that if you had crop insurance it was not part of the disaster.

Mr. Ediger: I would like to respond to Mr. MacDonald's remarks about the US. They had a fairly big disaster fund, but at that time they were not subsidizing their crop insurance premiums. They have just amended their crop insurance. I was there about 18 months ago and they were looking at our programs here in Canada. They were hoping to amend them to be similar to ours and then do away with that disaster fund. They figured they would have to get out of that gradually.

Mr. MacDonald: Are they going to do away with it, not in terms of compensation for a significant crop loss but for a tornado?

Mr. Ediger: For any peril that would be covered under their crop insurance plan, yes. It is similar to what we do here in Ontario or here in Canada because they recognize it is difficult to administer a disaster fund. It is easy to define a disaster if it is all wiped out, but the degree then becomes very difficult.

Mr. MacDonald: It also depends upon the political pressure you can get.

Mr. Ediger: That could have a bearing on it.

Mr. MacDonald: The appropriate political pressure came on taking the irradiated soil from Scarborough up to Camp Borden. It became a disaster area.

Hon. Mr. Henderson: A year ago when we announced the disaster fund in northwestern Ontario there was not that much political pressure. I had a call from a young farmer up there. He pointed out to me the real disaster it was. He pointed it out to me on either a Tuesday or a Wednesday afternoon. I chartered a plane and I went there the next day to see for myself how serious it was.

Mr. MacDonald: But that was an exception, Mr. Minister.

Hon. Mr. Henderson: I agree it was but we acted as a government. I came back to my cabinet colleagues and within the week we announced our program. I think you would have done the same.

Mr. MacDonald: I am sure I would have.

Hon. Mr. Henderson: Yes, I think you would.

Mr. McGuigan: We are getting a bit away from crop insurance.

Hon. Mr. Henderson: How many of your farmers who have a problem this year would this help?

Mr. McGuigan: I think it would help mainly in answering the argument about why one should have crop insurance. It would help in that area more than it would in the actual amount of dollars. It should help both.

Hon. Mr. Henderson: It would help sell crop insurance.

Mr. McGuigan: I think it answers the arguments that people will put forward.

Hon. Mr. Henderson: It's another coupon out there.

Mr. McGuigan: That is right. Do we have to wait as we did in 1969 to have a disaster to sell a person? I remember that very plainly. William Stewart came down and travelled all over Essex and Kent counties to make a decision. At the

time I thought it was a terribly cruel decision. Some of those people had planted up to five times and still did not get a crop. At the time I thought it was really cruel. In retrospect, I have to say it was the right decision.

Hon. Mr. Henderson: We have been consistent too.

Mr. G. I. Miller: Mr. Chairman, that was a good example. There were a lot of crops covered by private insurance which would not pay because of the disaster. I notice from the figures now, they have certainly gone up from 2,100 to 2,900 producers getting some 100 per cent coverage.

Mr. Ediger: About 95 per cent.

Hon. Mr. Henderson: In the tobacco area?

Mr. Ediger: Yes.

Hon. Mr. Henderson: Have they dropped those private plans and come to ours?

Mr. Ediger: Some of them still carry a bit of both, but private insurance is not very big in the tobacco area any more.

Mr. McGuigan: One of the companies did cover the blue mould.

Mr. Ediger: Kind of in a backhanded way and not very extensively. There was some coverage.

Mr. G. I. Miller: Could I have one question on tobacco? Are you finished, Jim?

Mr. McGuigan: Just give me a minute or two and I will be finished, Gordon. That covers what I want to say about selling crop insurance.

Hon. Mr. Henderson: I will ask Henry to look at this, and take it up with the commission. Is that fair enough?

Mr. McGuigan: Yes.

Hon. Mr. Henderson: Just do not say we are going to do it. This is just for him to talk to the commission.

Mr. McGuigan: Yes. All I am offering is an idea. You will have to run it through the computers to find out whether it will work.

Coming back to the one I have mentioned over the last couple of years, that is insurance on trees themselves, as is now done by the United States—about two years ago they moved into covering the trees themselves; I do not know whether they have any experience of it yet probably they have not. The director may know a good deal more about it than I do.

You have in a sense answered some of that with your program going towards the cling peaches.

Hon. Mr. Henderson: There is the replanting too.

Mr. McGuigan: Yes. That is only one item. It is one of those programs where so much money is used and then the program ends. I am looking at a continuous program. I was told about a sour-cherry grower out here along the escarpment, in the Milton area. He lost all his sour cherries. The trees died completely.

Hon. Mr. Henderson: Because of the winter storm?

Mr. McGuigan: The cold winter of last—

Hon. Mr. Henderson: Last winter.

Mr. McGuigan: In eastern Ontario, there were apple trees that died; about 10 to 15 per cent of the apple trees of the McIntosh variety died.

Hon. Mr. Henderson: Henry, could you answer Mr. McGuigan? Has there been a dialogue within the commission respecting the insurance of fruit trees?

Mr. Ediger: Yes, we have talked about this off and on for about five years. You will recall in 1976 a lot of trees were lost down in your part of the country. I mentioned this before to Mr. McGuigan, that our problem is an adverse selection of species and then you cannot set a premium that represents the risk.

BC is the only jurisdiction I am aware of that has a tree insurance plan. I talked to Washington just the other day; they do not have one. They are going to look at one. They do not have one at the present time. There may be a private carrier down there some place, but they did not even know of a private carrier that had the insurance.

We have agreed with Ottawa and Quebec, and probably with New Brunswick and Nova Scotia, to have a meeting within the next few months to see whether we can come up with a tree insurance plan.

2:40 p.m.

Mr. McGuigan: Adverse selection is, of course, a consideration. People tend to plant trees in a fruit district and they tend to plant the ones that have been proved by other people. These storms such as occur along the escarpment at Milton; I don't recall them ever having lost trees there before. A person isn't going to continuously plant trees simply because he is getting some help from the crop insurance commission.

Mr. Ediger: One of our problems, and this has been the history in crop insurance, is how it is perceived by the farmers. To suggest that tree insurance would not be perceived as an adverse selection plan, I would suggest it wouldn't be, because anybody who is certainly below the escarpment would tell you that in the Niagara area their risk is not very great. The Niagara people, for example, told us at the beginning that they are in a high risk area with peach trees. Those are the sort of things, as you know, you can get in the industry very quickly.

Mr. McGuigan: I am not so sure that Niagara people would be as adamant—

Mr. Ediger: They have changed their tone a little bit in the last few months but that is certainly there.

Hon. Mr. Henderson: Henry, Mr. McGuigan should know that a few weeks ago we learned that Quebec was going to the federal government for help in replacing its trees. We had some losses in eastern Ontario. At that time, Henry, did you see the letter I sent to the federal minister? Do you want to explain to Mr. McGuigan what we did maybe two months ago?

Mr. Ediger: We pointed out to the federal people that we have had losses in Ontario as well. If there is any consideration being made in Quebec, the same consideration should certainly be made for our producers in Ontario. Certainly, that is the sort of thing that also generates new discussion at the commission level regarding tree insurance.

Mr. McGuigan: Even there you have to have it Canada-wide, or with more than one province involved, before you are going to bring Canada into it. When we come to the stone fruits, there are certainly very few, if any of them, in Quebec. That comes down to an Ontario problem.

Hon. Mr. Henderson: What trees did Quebec lose? Was it the apple trees?

Mr. McGuigan: Yes. What I am pointing out is that Canada usually comes into these programs only if more than one province is involved.

Mr. Ediger: Ottawa's position, generally speaking, is that their legislation does allow for tree insurance. So unless they change their position, they are saying they are not going to give any assistance on it.

Mr. G. I. Miller: Mr. Chairman, I was just wondering about the tobacco and I notice there

are about 968 producers being covered this year. What was the total deficit on the overall crop insurance coverage for 1980?

Mr. Ediger: What our payout in 1980 was?

Mr. G. I. Miller: Yes.

Mr. Ediger: I do not have those figures right in front of me but I think it was around \$17 million. Our premium income was around \$27 million that year.

Mr. G. I. Miller: There was no deficit.

Mr. Ediger: No, 1979 was the deficit. That was the year of the blue mould in the tobacco.

Hon. Mr. Henderson: Not 1980. Is it 1979 you are inquiring about or 1980?

Mr. G. I. Miller: No it was 1980.

Mr. Ediger: We had a surplus in 1980. We had a deficit in 1979.

Mr. G. I. Miller: Do you adjust the rates for the tobacco industry, because there should be a very small payout in this particular year and I think the rates went up?

Mr. Ediger: The rates went up about 80 per cent after 1979. We paid out about \$50 million. Our premium income this year is \$11 million. So with interest and everything, the rates will remain at the current level for quite some time, I would expect.

Mr. G. I. Miller: Do you have any idea how many years?

Mr. Ediger: Well, last year we paid out around \$7 million. There was a lot of leaching in the tobacco last year.

Mr. G. I. Miller: Last year was not a particularly good year because of rainfall in some areas and the crop was down, yes.

Mr. Ediger: So, you know it is very difficult—

Mr. G. I. Miller: Would you make a profit, at least on individual profit and loss?

Mr. Ediger: Each crop plan is self-sustaining, yes.

Mr. G. I. Miller: So I could anticipate that in tobacco unless they have three or four years of relatively low losses, that the rates will remain the same?

Mr. Ediger: This is the first good year that we are having on tobacco since 1979.

Hon. Mr. Henderson: In 1979 we estimated it would take four or five years to gain back the—

Mr. Ediger: Well, our budget for paying back the money that we borrowed from the Treasury was over a seven to eight year period. We have a

five-year loan. That is at 11.75 per cent interest rate, but that was budgeted not to be paid off in that period of time.

It wasn't all tobacco. We had a bad year in white beans in 1977 as well.

Mr. MacDonald: Can we check the figures for 1980? That is a question I have wanted to ask for some time. Why can't we get the annual reports of the ministry by the time we have to deal with the estimates. Are the 1981 ones in?

Hon. Mr. Henderson: Has it been filed?

Mr. G. I. Miller: I have the 1981 crop insurance coverage, and I think it is up to date on the coverage but, of course, you would not know the payout this year. We won't know that until the end of the winter.

Mr. Ediger: We have only paid out \$4.1 million out of a premium income of \$31.3 million this year for 1981.

Hon. Mr. Henderson: But you can understand, Donald, that we can't have it until the end of the year, because we don't know.

We do not know what the white bean payout will be, what the soybean payout will be. We do not know any of that. Mr. McGuigan would tell you the soybean coverage is going to be big.

Mr. G. I. Miller: What percentage of the bean growers or producers are to be covered then?

Mr. Ediger: The white beans or soybeans?

Hon. Mr. Henderson: Either one.

Mr. Ediger: For white beans, it is around 70 per cent, and for soybeans is around 25 to 30 per cent.

Hon. Mr. Henderson: As you know, soybean is a crop that can be harvested on into the winter. It is a different crop from white beans. White beans are more of a disaster crop. It is more like losing the barn; it is a disaster. If you get a wet fall it is a real disaster.

Mr. G. I. Miller: What about the peanuts? Would that be compared to—

Mr. Ediger: We do not have a plan for peanuts.

Mr. G. I. Miller: You don't have a plan for peanuts. I guess there is just a new—

Mr. Ediger: I would suggest that we are still in the experimental stage.

Hon. Mr. Henderson: Well, they have never been asked for it either, have they?

Mr. Ediger: No.

Hon. Mr. Henderson: We do not give it until they ask for it.

Mr. G. I. Miller: Again, I think the member or York South made a point and I support the principle of the disaster fund in the disaster areas. I think those southern counties this year have had a disaster which has been unheard of in probably more than a lifetime. I can only recall one crop failure in my lifetime which was in about 1943, which frost damaged. We could not get our crops in and it was a total wipeout.

Hon. Mr. Henderson: Are you old enough to remember 1943? I thought you were just a boy. I thought I was the only one old enough to remember 1943.

Mr. G. I. Miller: I guess the point is that we did bring in a private member's bill supporting the disaster fund because we have had several disasters I can remember since 1975. You have utilized it, but there is no laid-down formula. It is at the wishes of the government. I think this year those soybean farmers could well qualify for some assistance. We may have to wait until the figures are all in, but I think it will show that has been very disastrous to that particular part of the crop.

Hon. Mr. Henderson: Mr. Chairman, just to enlarge on Mr. Miller's comments, I remember 1943 quite well. I was not doing too much farming in 1943. I was aiming to do a little bit of other work for my country during those days but knew what was going on back on the farm.

We did not have a disaster. Disasters hit areas, the same as one has hit Mr. MacGuigan's area this year. Your area may well have had a disaster in 1943. All I say is that it is patchy—it is here and it is there—and it is never the whole province, or seldom.

Mr. G. I. Miller: I agree with that.

1:50 p.m.

The Vice-Chairman: I think we have covered that section adequately. Are there any different questions?

Item 3 agreed to.

On item 4, farm income stabilization:

Mr. MacDonald: What is the explanation for the drop in the transfer payment from \$7.4 million to \$5 million?

I am looking at item 4, farm income stabilization, in this magnificently detailed affair you have given us. The pages are not numbered, I am afraid, which is why it is difficult to find it. There is no pagination throughout it, but in the transfer payments for the Ontario farm income stabilization fund, it has estimates for this year of \$5 million. Last year it was \$7.4 million. I am a little curious.

Hon. Mr. Henderson: You understand that we have the supplementary estimates before us. That is much bigger.

Mr. MacDonald: This is the transfer payments which presumably is money from the federal government.

Mr. Ediger: No. This is money that the commission will require presumably to pay farm income stabilization payments. The hog industry has improved. Last year we paid out \$13 or \$14 million to the hog industry. The prices have recovered quite dramatically, so our estimate is that we will not pay out as much money this year. That is a difficult one.

Hon. Mr. Henderson: Mind you, these payments are not under stabilization; they are under the agricultural end.

Mr. Ediger: But that is a very difficult one to get a handle on.

Mr. MacDonald: In other words, it is a real guesstimate when you are making up these estimates. All right.

Mr. Chairman: Any other questions?

Mr. G. I. Miller: There is one. I don't know whether I can bring it in here. It is about tile drainage. Would this be the time to discuss how you arrived at—

Mr. McNeil: That was under head office.

Mr. G. I. Miller: No, but I think it is detailed under the tile drainage debentures under this vote.

Hon. Mr. Henderson: What vote is it under Vern?

Mr. G. I. Miller: Could you please explain a simple question? Maybe it is too complicated to answer but there was \$25 million given out. In some areas, by county, I notice that they can receive up to \$2 million a year. I see Haldimand-Norfolk's allotment is nearly \$600,000 covering two counties. This is in a good heat unit area but the formula has been based on last year's use. How do you increase this, to upgrade the land, which as I indicated before is in a good growing area? It can be adapted to many fields, which northern Ontario cannot be, and yet we cannot increase the funding for the drainage.

Hon. Mr. Henderson: Mr. Chairman, if I might take a minute or two to explain this to Mr. Miller. When I visited the Rural Ontario Municipality Association in February 1980, I told them I was picking up all of the outstanding tile drainage debentures that they had. You might well have been there that morning. Were you?

Mr. G. I. Miller: Yes I was. I recall it.

Hon. Mr. Henderson: I pointed out to them the guidelines that I proposed, and I announced them in the House on March 30 or March 31 of that same year. It was \$20,000 per farmer per year for a maximum three-year loan of \$60,000. The municipalities both sent me letters and publicly asked me to change my way of allocation. We put that change into operation in this year's allocation.

As you know, we do not send any allocation out until the Treasurer announces his budget during the first week of April. It is early April when the Treasurer brings his budget into the House. When the Treasurer brought his budget into the House this year, Mr. Spencer sent a letter to all municipalities and suggested that they were assured of up to half the money they had last year and they could guarantee debentures up to half the money they had last year.

Then in keeping with what the municipalities had asked me, through their association and individually, we then informed the clerks and they in turn informed the council that, as of August 1, we wanted a list of all the applications they had in for drainage that would go through this year. We got that list from them. I have found out since that some municipalities did not take our letter seriously. I can understand that. It was a new policy. Some of them sent the applications in as of July 1 instead of August 1. But as of August 1, they told us they needed so much money.

When we got that information, I had \$25 million in the budget for tile drainage. We looked over all the other areas of our budget and we robbed other areas of \$3 million. I went to cabinet and asked for permission to transfer that \$3 million. So we allocated the \$28.5 million and, when we looked at it, we were able to give eastern and northern Ontario 50 per cent of what they requested. Central and southwestern Ontario got 40 per cent of what they requested. It was based not on last year at all, but on the applications we had as of the dates I mentioned.

Mr. G. I. Miller: Mr. Minister, I know the town of Dunnville, and I believe the town of Haldimand, wrote requesting more assistance because they had a backlog of applications.

Hon. Mr. Henderson: Wait a minute, if they had a backlog and they followed up, our records should have—

Mr. G. I. Miller: Well, I am not aware of what—

Hon. Mr. Henderson: But you understand, if they had a backlog, that should have been in the request they gave us.

Mr. G. I. Miller: Does anybody within the ministry have the figures this morning?

Hon. Mr. Henderson: Do we have Dunnville here with us?

Mr. G. I. Miller: I will stay in the region of Haldimand-Norfolk. As I pointed out in the beginning—

Hon. Mr. Henderson: I don't have the figure with me here.

Mr. G. I. Miller: We are only getting \$600,000 for two former counties, now one region, and the town of Dunnville, which takes in several townships now. They received \$69,000 last year and the town of Haldimand only got \$48,000. The town of Haldimand does have the South Cayuga land site, which, as has been pointed out many times, is good agricultural land. It needs upgrading and that land has only just begun to utilize tile drainage.

Hon. Mr. Henderson: Outside of about 10 municipalities, and perhaps Mr. Spencer can tell you the 15—I know the member for Huron-Middlesex (Mr. Riddell) came to me about the township of Goderich in his county, he said that the 50 per cent of last year's allocation gave Goderich so much money, but when you allocated it based on 40 per cent of what they had in as of July 1, it was so many thousand dollars less.

Mr. MacDonald: Is there going to be extra money in your supplementary estimates for tile drainage?

Hon. Mr. Henderson: No, our supplementary estimates are here before you.

Mr. MacDonald: Are we going to deal with them?

Hon. Mr. Henderson: Well, they are here.

Mr. MacDonald: They were tabled?

Hon. Mr. Henderson: They were tabled. The motion tabled them and put them to the committee.

Mr. MacDonald: Sorry, I wasn't aware of that.

The Vice-Chairman: The clerk says we'll go to them on Tuesday.

Mr. G. I. Miller: Mr. Chairman, I think I have had a satisfactory answer to my question. I just wanted to bring to the attention of the minister and the office that there should be more money funded in this particular area.

The Vice-Chairman: I have let you get away with the tile drainage thing, because I was lost in our program here. You are really out of place. I would like to come back to farm income stabilization, which is item 4, and work our way down through this page. We have about a minute or so to say something about farm income.

Mr. MacDonald: I have nothing more to say on farm income.

Mr. G. I. Miller: May I make just one more comment on this?

Hon. Mr. Henderson: Can we carry that portion of the vote?

The Vice-Chairman: Can we carry item 4? Item 4 agreed to.

The Vice-Chairman: We will leave item 5 for the moment and you can ask another question on whatever area you wish.

p.m.

Mr. G. I. Miller: I believe at the present time there is \$110 million on the books in regard to tile drainage overall.

Hon. Mr. Henderson: There's \$116 million lent out on the tile drainage loan fund—

Mr. G. I. Miller: That is on loan now?

Hon. Mr. Henderson: At six per cent and eight per cent. As you know, the interest increased when I made that announcement.

Mr. G. I. Miller: That is the total—

Hon. Mr. Henderson: Accumulated total, without this year, I take it.

Mr. G. I. Miller: What does it really cost? How much money do you get in on a yearly basis on that \$116 million?

Hon. Mr. Henderson: That doesn't come to us, as you know.

Mr. G. I. Miller: No, but it still comes in.

Mr. Allan: The net cost is the interest subsidy. Obviously, the real cost to the province is the interest subsidy.

Hon. Mr. Henderson: Not against our budget enough.

Mr. Allan: No, but if you want to know what we invest in this, I think you are looking at about \$12 million a year. In terms of the real cost, eight per cent against 20 is pretty obvious.

Hon. Mr. Henderson: It has gone up. A year ago or a year and a half ago, we would have said \$5 million.

Mr. G. I. Miller: It has only increased at that point—

Mr. Allan: At least five below the—

Hon. Mr. Henderson: Roland, how much is it?

Mr. Sewell: This year it is \$6 million.

Hon. Mr. Henderson: But is that going to cover it, Ronald? We believe it is.

Mr. MacDonald: Can you repeat that for the record? You are driving the Hansard man up the wall.

Hon. Mr. Henderson: It has been reported that this year we have in our estimates \$6 million to cover the interest subsidy on outstanding tile loans.

Mr. G. I. Miller: It really is not a big cost to the taxpayers of Ontario.

Hon. Mr. Henderson: We believe it will more than double next year.

Mr. G. I. Miller: Okay, but in the past it has not been much of a charge to the taxpayers of Ontario.

Hon. Mr. Henderson: You say \$6 million is not much money; \$1 million dollars is a lot of money to me and \$6 million is a lot more.

Mr. MacDonald: If you have it spare, I'll take it.

Hon. Mr. Henderson: Yes, any day. It is a lot of money.

Mr. G. I. Miller: Yes, but for \$10 million I don't think it is a lot of money.

The Vice-Chairman: Okay, gentlemen, it is after one o'clock and we will adjourn until tomorrow evening.

The committee adjourned at 1:02 p.m.

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Henderson, Hon. L. C.; Minister of Agriculture and Food (Lambton PC)

MacDonald, D. C. (York South NDP)

McGuigan, J. F. (Kent-Elgin L)

McNeil, R. K. (Elgin PC)

Miller, G. I. (Haldimand-Norfolk L)

Smith, S. L. (Hamilton West L)

Stevenson, K. R.; Vice-Chairman (Durham-York PC)

From the Ministry of Agriculture and Food:

Allan, D. M., Deputy Minister

Brubaker, J. E., Manager, Agricultural Energy Centre

Ediger, H., General Manager, Crop Insurance Commission of Ontario

Rennie, Dr. J. C., Assistant Deputy Minister, Agricultural Education, Research and Services Division

Sewell, R., Executive Director, Finance and Administration Division

Smiley, Miss M., Executive Assistant to the Minister

Spencer, V. I. D., Director, Food Land Development Branch



Ontario, LEGISLATIVE ASSEMBLY

No. R-9

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development

Estimates, Ministry of Agriculture and Food



First Session, Thirty-Second Parliament

Thursday, October 22, 1981

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, October 22, 1981

The committee met at 8:04 p.m. in room 0. 228.

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD (continued)

The Vice-Chairman: Before we start this evening's session, the member for York South (Mr. MacDonald) said he is going to be 10 or 15 minutes late. He has something to say in the house and he hopes to get over here shortly.

Mr. Riddell: Mr. Chairman, before we start the first order of business, I think it is incumbent upon me to make a motion, and upon the committee to deal with that motion, arising from rather serious allegations that have been made arising out of statements that have been made before this committee by the minister and his executive assistant. If you read the paper today, you see in big headlines, "Minister 'Might be Lying.'" Arising out of these allegations, I would like to make a motion.

The Vice-Chairman: Mr. Riddell moves that the committee invite Miss Smiley to return before this group and repeat her chronology of events in question and that the clerk administer her the oath for witnesses under section 58 of the Legislative Assembly Act.

Hon. Mr. Henderson: Mr. Chairman, Miss Smiley will not come before the committee. The minister is here to answer any questions and that's that.

Mr. Riddell: Mr. Chairman, if I may speak to the motion.

Hon. Mr. Henderson: I think the motion is out of order, Mr. Chairman. I do not think this motion is in order. We are in estimates and I am prepared to answer the questions. That is all that is necessary. The honourable member does not have a right to invite any staff up here to speak. That's right, Mr. Clerk?

Mr. Riddell: Mr. Chairman, I would think it is for the committee to decide, but—

Hon. Mr. Henderson: No, it is not, with all due respect.

The Vice-Chairman: Apparently it is up to the minister to invite the staff to make statements. It is his prerogative to invite his staff to make comments at estimates.

Mr. Riddell: Is it not the minister's wish that he remove the cloud that is hanging over this particular issue pertaining to Vaughan township? Does the minister want this thing pursued further? Does he want headlines to continue such as we see in the Toronto Star, "Minister 'Might be Lying'"? Surely the minister and his executive assistant would like this thing laid to rest once and for all.

Hon. Mr. Henderson: Mr. Chairman, they can question me until the sun goes down next year. There are no lies. The only misrepresentation—well, I will not call it misrepresentation—the leader of the Liberal Party (Mr. Smith) would like to make people believe there is something wrong in this. Again I repeat, I will answer any questions but the staff will not.

Mr. Riddell: I believe, Mr. Chairman, if you were to check with the clerk, or the clerk were to check with someone if he is not sure, any committee can invite any witness. I was not here yesterday, but Miss—

Hon. Mr. Henderson: Not a committee on estimates, Mr. Chairman.

Mr. Riddell: Miss Smiley appeared before the committee yesterday as a witness.

Hon. Mr. Henderson: At my request.

Mr. McNeil: At the invitation of the minister.

Hon. Mr. Henderson: You had your opportunity to question her and she answered you truly and honestly. Your leader would like to leave another impression out there. The general public don't believe him.

Mr. Riddell: Wouldn't you like to remove this cloud hanging over you?

Hon. Mr. Henderson: No, I am quite happy. You can carry the cloud to your graves. I could not care less. My conscience is clear. The consciences of all my staff and Miss Smiley are clear. You can do whatever you want.

Mr. Riddell: Mr. Minister, anyone who has been following the sequence of events, and anyone who read the Hansard of yesterday, would believe there are very grave suspicions about the accuracy of the testimony that was given. There is sufficient evidence, I believe, to indicate that your executive assistant was set up,

and that she submitted a memo that she did not write and that was very obviously dictated to her by some higher authority, because it is almost in legal language. Going through Hansard—and I did; I read the Hansard of yesterday—it became very obvious to me that there is sufficient evidence to indicate that information has not been totally accurate. I think we should have a chance to correct this.

Hon. Mr. Henderson: I am here to answer any questions, Mr. Chairman, but none of my staff is going to answer any more questions. It is as simple as that. I acknowledge the compliment to Miss Smiley. She is as good as any lawyer the Liberal Party has.

Mr. Riddell: I am not questioning her expertise at all. I am simply saying I do not believe, out of material I have read and the sequence of events that has taken place, that that memo was written by her in her own words at the time she indicated the memo was written. I simply thought we should have a chance to question this and clear the matter up. It's not going to stop here, Mr. Minister.

8:10 p.m.

Hon. Mr. Henderson: You can take it wherever you want. Take it to your grave with you.

Mr. Riddell: We are simply giving you an opportunity to remove these allegations.

Hon. Mr. Henderson: The only allegation there is by your leader. Let him take it wherever he wants to.

Mr. Riddell: That is quite right. If my leader is wrong, we want to correct it. I don't want my leader to be making allegations that are not accurate. Therefore, we should have an opportunity to look into it further. If you are not willing to permit that, then those of us on the committee would almost have to endorse those allegations. Is there something that—

Hon. Mr. Henderson: Do whatever you want. I am here to answer any questions. It is as simple as that.

Mr. Riddell: The thing is whether you can answer on behalf of your executive assistant. Can you tell me whether that memo was written by her in her own words in November following a conversation she had allegedly had with Mr. Hodgson, the parliamentary assistant to the then Minister of Housing (Mr. Bennett)? Can you tell me with any degree of accuracy that was written by her in her own words?

Hon. Mr. Henderson: I can tell you it was not written in November. It was written before

October 31. Mr. McNeil went back into his diary this morning and found that he visited the property October 31, so the memo was written before that. I accept it from Miss Smiley. I take her word—her word is her bond—that it is her memo, in her writing, and I take it she did not consult any lawyer.

The Vice-Chairman: May I interrupt here? I feel we have been over this. There will be other opportunities to question this matter if the people involved choose to. We did go over this area, and we have moved on to other sections here. As I understand estimates, it is the opportunity for members to question the minister, and if the minister wishes to have members of his staff assist with answering those questions or making comments, then he can choose to do so. For that reason, because we have moved through that section and are on to other votes and because of the nature of estimates, as I understand them, I am going to rule that motion out of order at this time.

Mr. Riddell: Mr. Chairman, just one last word: then I was trying to do the minister a favour—

Hon. Mr. Henderson: I do not want any favours from you at all. We do not need your favours.

Mr. Riddell: If this matter is pursued in the courts, it can be sued as a matter of perjury, Mr. Minister, and I question whether you would want it go to that far. That is why I thought best—

Hon. Mr. Henderson: Do whatever you want. We have nothing to hide. I am here to answer the questions you want to throw at me. The only extra information I felt the members should know tonight was that Mr. McNeil went there October 31.

Mr. Riddell: Are you not required to call a motion, Mr. Chairman? Can you just rule it out of order, or do you have to put the motion?

The Vice-Chairman: No, I can just rule it out of order.

Mr. Riddell: Well, I think there has been precedent for that in connection with Mr. Brian Shannon, Culture and Recreation estimates. I guess we have to abide by your rules.

The Vice-Chairman: One comment I do want to make, as a result of a procedural question that was mentioned to me following the last session, is that where there are people who wish to ask questions, I will recognize the members of the various parties in order. Otherwise, you will hear people as they raise their hands. Now

as I understand it we have finished 1902-4 and we are now on to 1902-5, other assistance to primary food production.

Mr. Riddell: Mr. Chairman, the minister indicated that he would be prepared to answer any question on this matter, so maybe I can proceed to ask him the questions that I had hoped I would have an opportunity to ask Miss Smiley.

Hon. Mr. Henderson: What vote are we on, Mr. Chairman?

The Vice-Chairman: Vote 1902-5.

Mr. Riddell: I don't know whether this is relevant to that vote or not, but the minister just stated that he would be prepared to answer any question on this matter, so I'm asking if I can pursue with him the questions I wanted to ask his executive assistant. Is that all right, Mr. Minister?

Hon. Mr. Henderson: Mr. Chairman, with the serious situation that's out there in the farming community, the Liberal Party wants to spend these hours pursuing something to save the credibility of its leader. He is the one at stake. I really think the situation out in the economy in the farm community is important, and I think it's important that we get on with the business this committee is here for. If that honourable member wants to question me in the House, the appropriate place, that's where it should be done.

Mr. Riddell: Well, it's very difficult—

Hon. Mr. Henderson: We're not on that vote at this moment.

Mr. Riddell: We can't have a dialogue in the House the way we can here unless the estimates are moved into the House. I'm simply following your suggestion. You said you would be prepared to answer any of the questions I wish to ask on this, so I thought that for the next few minutes I would ask a few questions.

Hon. Mr. Henderson: Mr. Chairman, I think you should limit the time. The farm economy is important to me. I'm looking for guidance here from them. The Liberal Party is more interested in trying to penalize some poor individual in Vaughan township.

Mr. McGuigan: It's certainly true that the economy is the vital element, but you as the chief guardian of the economy of the agricultural sector, I would take it, wouldn't want this hanging over your head.

Hon. Mr. Henderson: There's nothing hanging over my head.

Mr. McGuigan: It is in the paper. You—

Hon. Mr. Henderson: No, no. It's a statement of your leader.

Mr. McGuigan: We just heard you remove it yourself from your assistant and take it on your own head.

Hon. Mr. Henderson: I'll deal with it in my own way.

Mr. McGuigan: It seems to me that we are talking about the economy of Ontario agriculture when we're talking about the ministry—

Hon. Mr. Henderson: It was the statement of your leader that money changed hands out there. He's the one who has something to clear up.

Mr. McNeil: Innuendo.

Hon. Mr. Henderson: He is the one who has the trouble.

The Vice-Chairman: It appears to me that you have the right to ask the minister questions; but in my own personal judgement it is not in this vote, and if he chooses not to answer some of those questions at this time then I would suggest that we get on to another area of questioning more closely related to the vote in question.

Mr. Riddell: I'm in your hands, Mr. Minister.

Hon. Mr. Henderson: Mr. Chairman, we spent over an hour on this yesterday. We gave the Leader of the Opposition (Mr. Smith) all types of opportunity to ask whatever questions he wanted; there were no limits placed on him, no interference from the NDP or the PCs. He had his opportunity as far as I am concerned. It's as simple as that. I'm more concerned about the farm economy and ideas the members might give to me here.

Mr. Riddell: Just one request then: Would you provide to us a copy of the original memo that your executive assistant—

Hon. Mr. Henderson: A copy was handed to your leader yesterday by my executive assistant.

Mr. Riddell: The original.

Hon. Mr. Henderson: No, I will not give you the original. You have the copy she handed to your leader.

Mr. McNeil: That was a copy of the original.

Hon. Mr. Henderson: Yes.

Mr. Riddell: But could I see the original?

Hon. Mr. Henderson: You have a copy of the original. I don't know where the original is. We'll investigate it.

Mr. Riddell: The copy is fairly high up on the page. I was just wondering if there was a date a little higher up—that was all.

8:20 p.m.

Hon. Mr. Henderson: We'll investigate that. There's nothing to hide. We'll be glad to bring it next Tuesday night.

Let me just reaffirm that Mr. McNeil was there on October 31, so that the memo had to be written before that.

Mr. Riddell: So you won't answer any questions I have on this matter?

Hon. Mr. Henderson: There has been sufficient debate on the matter.

The Vice-Chairman: I would like to carry on here. Mr. MacDonald did mention one thing that he wished to speak to, and I am not—

Hon. Mr. Henderson: I would suggest that you leave this vote out and go on to the next one, to be fair to Mr. MacDonald. Is there any problem with leaving this vote open?

Mr. Riddell: Apparently the minister isn't going to answer questions, Mr. Chairman.

Hon. Mr. Henderson: The minister is here to answer questions on these things.

On vote 1902, agricultural production program; item 5, other assistance to primary food production:

Mr. McKessock: Under item 5?

The Vice-Chairman: Yes.

Mr. McKessock: I'm sorry. I was not here on the last estimates debate. I don't know whether you mentioned anything about reviving the junior farmers loan program. Was anything said in that regard?

Hon. Mr. Henderson: Your party took up an hour and a half on Vaughan township. They really didn't worry over the estimates.

Mr. Eakins: That's a civil answer for a question, Bob.

Hon. Mr. Henderson: That's the truth.

Mr. Eakins: He just asked you a civil question.

Mr. McKessock: Would you consider reviving the junior farmers loan program, not just to junior farmers but to all farmers, and allow them to refinance existing debt under that program at an interest rate of, say, 13 or 14 per cent?

The big problem now, as we all know, is the interest rate. It has been adding to their debt load when they have been unable to meet their debt commitments. The way it has been progressing over the last six months I don't see anything else that can rectify it for them unless they are able to refinance under a better interest rate and for a longer period of time—say, 25

years. I think there are a lot of them out there, and if this could be done they'd be back on their feet again.

I know you may say that the small business development bond will work that way, but actually it won't, because I don't know of anybody who has one yet. I have heard of a couple, but it's only for five years. I think that isn't going to rectify the situation. They have got to refinance over the long term, and, as we know, the Farm Credit Corporation is not doing this. I had hoped that the Farm Credit Corporation would have done exactly what I am asking for, but it isn't doing it.

We know that other provinces have made considerable commitments to agriculture. I would hope that Ontario would come up with something that would at least equal, if not surpass, what has been done in other provinces, because I feel that Ontario agriculture is more important to Canada than that of any other province.

My question is, Would you consider coming up with a program like this? It would be revamping the old junior farmers loan program.

Hon. Mr. Henderson: Mr. Chairman, the old junior farmers loan program was around quite a number of years: in during the early 1950s, out in the mid-1950s and back in the early 1960s. On January 30, 1969, the Honourable William Stewart visited the Honourable Bud Olson, federal Minister of Agriculture in Ottawa. A program was worked out between the two of them. It was announced in the Ontario Legislature on February 13, 1969, that an agreement had been reached that there shouldn't be a duplication of services or lending officers from the two organizations.

It was agreed and, as I say, announced in the Legislature. I might say that Bob Nixon was in the Legislature that day and he did ask a question about it later. But it was agreed that the government of Canada should be the lending authority for agriculture across Canada.

Mr. MacDonald is here now, and he will tell you that a report called *The Challenge of Abundance* led to that. The *Challenge of Abundance* was a major document. A great amount of work went into it. It was a farmers' report. It went further in suggesting that the farmers should have an interest rate similar to other parts of our society. That's the reason it was worked out like that.

Again I tell you that I spent three hours with Mr. Whelan a week ago Friday, two weeks ago tomorrow. I talked about this situation. I didn't

have to point out to him how serious this situation is; he knows. He knows that he hasn't got enough money in the Farm Credit Corporation.

I reminded him of that historic meeting back in 1969. He was aware of it and he agreed fully that the government of Canada should be the lending authority, that it should not be lent out by the individual provinces. Mr. Whelan went on to point out to me at that time—and I have mentioned this before; it is a repeat of former statements—that he is trying to convince the federal government that we need a new farm credit act, not just additional moneys; we need a complete new act. That's the way he left me that day. The act would make additional moneys available. He didn't give me any amounts.

He went on to point out that he would hope to make a concession to individuals who wanted to lend money to Farm Credit. They in turn would lend it out to the farmers at a reduced interest rate. Farm Credit would be the guarantor, and there would be tax incentives. We went on to say that a farmer might sell his farm for a couple of hundred thousand dollars, he might want a loan instead of taking a second mortgage or a first partial mortgage, and that the Farm Credit might take that mortgage at a reduced interest rate.

Since that time—I think it was up in your territory; maybe not in your riding but at a meeting he attended up there—I read in the paper that he suggested the federal budget might just carry the announcement of this new act.

I don't think you were here, but Mr. McGuigan definitely told me that Mr. Whelan asked for a telegram. He was the one who sent that support to Mr. Whelan. Mr. Riddell left me with the impression that he had been contacted and that he sent it. I don't know about the rest of you, but I do know that the two of them left me with the impression that Mr. Whelan had gone out into the farm community for support for his position. I agree that he needs that support. It's there, but the government of Canada saw fit at this time to increase the Farm Credit loan money by 2.75 per cent per cent.

I know how badly Mr. Whelan feels. We believe we must wait and see. We believe we must try to uphold that former agreement.

I will go only one step further to tell you that there is still \$50 million out there from the original junior farmers loan program. I believe it's at five per cent interest. I think you told me once that you had one of those loans; you could

confirm whether it was at five per cent. But there is still \$50 million outstanding there and, as you know, we do subsidize that interest. We do have \$116 million lent out under the Tile Drainage Act at six and eight per cent.

8:30 p.m.

So to answer at this moment, we are not saying "No, we won't," but we are waiting to see what the federal government will offer. I take it from what Mr. Whelan said up there, not from what he said to me, their offer might come in the budget. He really supported me personally in my position.

Mr. McKessock: Mr. Minister, I did send my support through to the federal minister to try to hold the Farm Credit rate at 14 per cent as well. I had a junior farmers loan some years ago. I believe it was four per cent at that time. I agree there should not be a duplication of lending, but at this time if you went back into the junior farmers loan program at 13 or 14 per cent, it still would not be a duplication because Farm Credit is 17 per cent now or close to it.

Hon. Mr. Henderson: You are not reading me correctly. There were two sets of lending officers. That is what the duplication was. We had staff from here going out to look at the farms and so did the Farm Credit Corporation. It was a duplication of staff.

Mr. McKessock: You mean the federal and the provincial?

Hon. Mr. Henderson: Yes.

Mr. McKessock: You mean a farmer would apply for both?

Hon. Mr. Henderson: There were times. We had people administering it and so did the federal government.

Mr. McKessock: What I am concerned about is that the Farm Credit program is no good right now. I have had few good thoughts for it in the last few years because it seems to me a farmer fell into one of three categories: one was either too rich, too poor or incapable. Even if they had the money these last few years—

Hon. Mr. Henderson: Let me help you so you can understand part of my concern. I have done a little research on this and I found that back in 1976—let us just go back five years—the Farm Credit Corporation had 70 per cent, had enough money to lend to 70 per cent of the farmers who needed it. It has now dropped to 30 per cent. As you say, the criteria are such that the normal farmer is not able to get it. It should be the normal farmer.

Mr. McKessock: Exactly. Of course, if we had been told it was because there was not enough money, that would have been much better, but it seems to me that was not what the farmers were being told. They were told for various reasons that they were not eligible. It was not that there was not enough money.

At the time I got the junior farmers loan some years ago, it was just when credit was being looked at in a different light, although not in a very good light. I always felt I could not get enough money fast enough.

Hon. Mr. Henderson: Maybe it is just as well that we—

Mr. McKessock: It is maybe just as well when one looks back over it. Finally, I did get the junior farmers loan after two or three tries.

Hon. Mr. Henderson: Do you remember what year?

Mr. McKessock: It would probably be 1958 or 1959.

Hon. Mr. Henderson: It had to be a pretty small loan in today's dollars.

Mr. McKessock: Yes, probably about \$5,000 or \$6,000.

Hon. Mr. Henderson: In 1963 it went from \$20,000 to \$40,000.

Mr. McKessock: It appeared to be a big loan in those days, but since then it has not been too big. I know I had an awful time to get money. That is what I was pointing out. Later, when I refinanced under Farm Credit a couple of times, each time it kept getting easier and easier to get money. The last time I applied for money they gave me more than I asked for. They advised me to take \$2,000 or \$3,000 more than I was asking for. I was just pointing out the change in the thinking between those times. The money was hard to get and then they felt you should get the money if you wanted to do a job.

Farmers are in a position right now where they are finding it tough to get the money again, the way it was when I started out. Of course, today it is more important they have the capital to work with. They have to have it or they are out of luck. A lot of them are finding they are up against the wall right now if somebody does not come through with a long-term-financing mortgage program that will allow them to get back on their feet.

As I mentioned, even the small business development bond is too short term. They cannot carry on at these rates and it is not all their fault. I feel what has happened to them

with the floating rates has been criminal. I know myself; I borrowed money last fall to buy cattle at 13 per cent and found out this summer that I was paying 23 per cent.

That is the big problem. Fifty per cent of the farmers' money is at a floating rate. We did survey in Grey, Bruce and Wellington counties and that was pointed out. It is that big jump from 13 to 23 per cent in six months' time. It has never happened in history before. It is an 85 per cent increase in one's interest rates. I think that is criminal, but we are stuck with it. As I say there are only—

Hon. Mr. Henderson: I hope you are not blaming me for that.

Mr. McKessock: No, I am not blaming you for it. What I am saying is what I feel we have to have to recover from that. That is where I feel you can come into it. We could get this junior farmers loan program going again but wipe out the junior farmers part of it, give it to all farmers and set it up over 25 years at 14 per cent and let them refinance.

Even if the Farm Credit Corporation had the money today, under the regulations they have it would not work because one cannot refinance under it. It has to be for capital purchases or whatever. To save these farmers, and if we want to save agriculture in Ontario, this is what we ought to do.

Then I think we should get rid of the floating rate somehow so we would not be stuck with this thing happening again, because if one borrows money at 23 per cent and one goes down the tube, that is one's own tough luck. But if one borrows it at 13 per cent and six months later one is paying 23 per cent, that is unbearable. It has never happened in history before.

I do not think farmers should have to put up with that. I do not think the consumer should have to put up with that. It may ruin agriculture in Ontario and somewhere down the road somebody is going to say, "Why did somebody not do something to help the farmers back in 1981?"

If you want to wait until after the federal budget, it is not far away, but if there is nothing in that which is going to save these farmers in Ontario, and it is Ontario we are mostly concerned about here, then I would think, I would hope, you would step in and start up this mortgage program again, let them refinance their present debt and get the show on the road again in Ontario.

Hon. Mr. Henderson: I would like to respond

little. When the federal minister met with all the provincial ministers in Alberta back in July, he readily agreed that to meet the needs of the farmers he needed another \$500 million, or twice as much as he had. He had approximately \$250 million and he said that if he met what he needed, it would take the other \$500 million.

I trust Mr. Whelan. Maybe I should not, but Mr. Whelan and I have known one another over 25 years and I have found that he is a very honourable man. I can assure you Mr. Whelan is doing everything. As a Tory maybe I should not say that, but I speak of a man as I find him.

Mr. MacDonald: You both have the same problem: you are odd man out in a cabinet that does not agree with you.

Hon. Mr. Henderson: I do not have that problem; maybe he does.

Mr. McKessock: After November 3, if he does not come through, we will see what kind of problem you have because then this will be turned over to you.

Hon. Mr. Henderson: Wait a minute; you have not been reading the papers. Mr. Whelan has put the whole priority on the constitution; it has now delayed their budget.

Mr. McKessock: To tell you the truth, I do not want to talk about Mr. Whelan or the federal government; I want to talk about Ontario.

Hon. Mr. Henderson: Mr. Trudeau has suggested the budget has to be delayed a week; it is more important that he debate the constitution.

Mr. McKessock: As I say, I do not want to talk about Mr. Whelan and the federal government.

Hon. Mr. Henderson: No, but you said "after November 3." I am telling you the budget is not until November 10. Did you not read yesterday's or today's paper?

Mr. McKessock: November 10 or whenever.

Mr. MacDonald: It was postponed by the provincial Premiers, most of whom are Tories.

Hon. Mr. Henderson: Yes.

Mr. Boudria: Premier Allan Blakeney is not a Tory.

Mr. MacDonald: I said "most of whom are Tories."

80 p.m.

The Vice-Chairman: Gentlemen, I want to draw your attention to the time situation we are in ahead of us. There are three full votes to

go. Some of them will go fairly quickly, I expect, but marketing, research and education may not, so just discipline yourselves accordingly.

Mr. McKessock: Would the minister just give me an answer to that? After November 10, if there is nothing for the Farm Credit Corporation, will he consider revamping the program Ontario has?

Hon. Mr. Henderson: This minister and this government have looked at many programs for the farm people. I need not remind you what I have done for the beef and the pork people.

Mr. McKessock: I am talking about a mortgage program for refinancing farm debts.

Hon. Mr. Henderson: But I need not remind you that we have put \$40-odd million extra into the situation.

Mr. McKessock: No, you do not have to remind me about that; I know.

Hon. Mr. Henderson: We have not closed the door. That is as far as I will go tonight.

Mr. MacDonald: I think I can deal rather expeditiously with the points I want to raise, but I do want to make a basic point in support of the member for Grey.

I put on the record again, during the debate on the private member's resolution this afternoon, the rather startling proposition that in terms of outstanding loans from the provincial government to farmers, in the province of Quebec the average loan to farmers is about \$17,000, in Nova Scotia it is about \$11,000, and one drops down the list to Ontario where it is \$1,199. In other words, not only now but traditionally, in terms of accumulated outstanding credit, Ontario is about second or third from the bottom of the list.

I speak of this rather feelingly and personally for those of you who would like to dub me the asphalt farmer. I grew up in Quebec as the eldest in a family of eight kids on a farm where we had one hell of a time coping with the mortgage. The only reason that farm became viable was that we were able to get out of the private mortgages—which were five or six per cent, or three or four per cent or something like that; it was very small—because of the credit available from the provincial government to refinance the finances of the farm so they were manageable in terms of the economic value of that farm.

That is the kind of thing we have to get in Ontario. One does not talk in terms of relative credit and relative values vis-a-vis the business world; it is in terms of the economic returns

from agriculture. What is the percentage in terms of net return from agriculture? Is it 2.3 per cent?

Mr. McGuigan: It is 2.4 per cent.

Mr. MacDonald: How is one going to compete with 23 per cent interest rates? The minister has to do something for agriculture. We have not done it traditionally, as those figures indicate. The figures I gave you are official figures from Statistics Canada or from FCC publications. However, let me not thresh that straw.

Hon. Mr. Henderson: Could I just add something on Farm Credit. I am not aware of anything in the Farm Loans Act nor is my staff that prohibits them from refinancing. We are not aware of anything that prohibits that.

Mr. MacDonald: Refinancing at 17 per cent is not refinancing; that is just getting out of the frying pan and into the fire.

Mr. McKessock: If you have tried to get a loan in the last while you will know it is in there somewhere.

Hon. Mr. Henderson: It is policy but I do not think there is anything in the act. I have not read the act for a year or so.

Mr. McKessock: It is what they do that counts.

Hon. Mr. Henderson: It is the way they apply it, yes.

Mr. MacDonald: There are three items here on which I want to raise questions as briefly as I can. I assume we are on item 5 of vote 1902.

The Vice-Chairman: Yes, we are.

Mr. MacDonald: The first is on the farm tax reduction program. The minister and his deputy have told us two or three times that we are in the process of negotiating with the Ontario Federation of Agriculture to come up with a definitive program in terms of this exemption of property taxes on farm land. We are supposed to accept his rather optimistic view of how things are going or of how things are working out. I want to put a specific question to the minister if I can get his attention.

Hon. Mr. Henderson: Go ahead, I am listening.

Mr. MacDonald: With your left ear, are you?

Hon. Mr. Henderson: Either ear.

Mr. MacDonald: That will be your best ear if it is your left ear.

Hon. Mr. Henderson: My left ear gives me some trouble sometimes.

Mr. MacDonald: My information is that there is a real conflict, and I am curious to know how the government is going to resolve it, between the municipalities and the farm organizations particularly the Ontario Federation of Agriculture. The only information we have on how the government might handle this exemption of farm land is a statement that was made by the Treasurer (Mr. F. S. Miller) during the budget lockup in which he stated that the government's likely approach, not having worked out the details, was that it would pay X number of dollars per acre to each municipality as compensation or in lieu of the exemption of the tax. He mentioned a figure of \$2, which has always baffled me, since it is totally inadequate to compensate for what the municipalities would lose, but we will set that aside for the moment.

My information is that the municipalities have said they are not in favour of the proposition of exempting farm land. The reason is that they have a basic ongoing distrust of governments. Governments may grant an exemption and offer you so much this year, but they may offer you less next year or the year after. Therefore, the municipalities are sitting duck for a situation that is a bit unpredictable, so they are in favour of a rebate of what would be the appropriate or normal property tax on the farm land.

On the other hand, the OFA says it is in favour of an exemption because as things now stand when farmers get a rebate, that rebate is treated by the federal income tax people as income so they have to pay a tax on it. Therefore, the OFA's approach is, "We want an exemption so that farmers are in the clear and there is no possibility of a comeback in terms of rebate that are going to become taxable."

I have a specific question for the minister in this connection. While I am delighted to accept his assurance that everything is flowing along smoothly and optimistically in terms of resolution of this for implementation in 1982, what are your thoughts on resolving this basic conflict between the municipalities, which are against an exemption and want to retain the rebates, and the OFA, which wants the exemption and is opposed to the rebates?

Hon. Mr. Henderson: Mr. MacDonald, I used to think I knew a little bit about taxation. I completed six assessment rolls as the assessment commissioner for a certain municipality in my youth and I used to think that I understood the system.

Mr. Stokes: That's why they changed it.

Hon. Mr. Henderson: No, I actually got involved in another occupation that did not permit me to continue with that or I might well have died in that position. As an old assessor, I can well remember that the roll had to be returned on the last day of September and I believe that is still in the act. That section of the act is still there. That in itself tells me that there can't be too many changes for 1982, as the member mentioned. Just that section, not speaking from a government point of view—

Mr. MacDonald: Do you mean that the exemption proposition promised by the government is not likely to be implemented in 1982?

Hon. Mr. Henderson: The act states that on the last day of September the roll must be returned.

Mr. MacDonald: The roll can be returned but can't you either exempt it or pay a rebate?

Hon. Mr. Henderson: When you return the roll you say what is going to happen.

Mr. MacDonald: I thought the roll stated the assessment.

Hon. Mr. Henderson: The taxable assessment, the exempt assessment; they are all set out in separate columns. There are about 10 of them.

Mr. MacDonald: Are you saying to me that you promise—

Hon. Mr. Henderson: I am speaking now not as a member of the government but as an old assessor, and any changes in that assessment roll had to be made before October 1.

Mr. MacDonald: I'm sorry, Mr. Minister—

Hon. Mr. Henderson: Then let me go on and just tell you this: you should read the Assessment Act or maybe I should because it has been 10 years since I have done any assessing. I have a staff member here who has sat in on many negotiations. Several suggestions have been presented to the OFA and none of them has been accepted. Some of the things you suggest are correct. I am not aware of the government doing anything that is contrary to what the OFA wants. What it wants is quite contrary to what the municipalities want.

Mr. MacDonald: Agreed.
5:50 p.m.

Hon. Mr. Henderson: We have two people out there to enforce what I have said, lots of people out there, so we are at a stalemate.

Mr. MacDonald: Just a minute now. The assessment roll was fixed at the end of September.

Assuming that is a statutory obligation, and you are going to live with it, that still does not answer the question as to whether in 1982 you are going to operate on the basis of a rebate or an exemption. The assessment roll is a basis upon which you operate, but are you going to rebate the taxes or are you going to exempt them?

I understand the OFA's view is that since you cannot set up your machinery at this late date to deal with 1982, it will be willing to accept an extension for one more year of rebating in the fashion you have done, but at the end of that year it wants you to move to the exemption that you promised in your throne speech and in your election promises because only in that way do you get the farmer in the clear so that his rebate does not become taxable income.

Hon. Mr. Henderson: Mr. MacDonald, you mentioned something else that is a problem to us. Up until this year the federal government said our rebate did not have to be added as an income. The federal government is changing the ball game as of March of next year. I will not argue with you on this issue.

Mr. MacDonald: If you were on the farmer's side you would go to an exemption so he won't have to be taxed on his rebate.

Hon. Mr. Henderson: Mr. MacDonald, I have to answer you this way. Either the Treasurer or the Minister of Revenue (Mr. Ashe) will be making an announcement on this. I do not have the right to make the announcements of what will happen, but there will be an announcement.

Mr. MacDonald: But will it be an announcement for the year 1982?

Hon. Mr. Henderson: There will be an announcement.

Mr. MacDonald: Which will either be an exemption or a continuation of the rebates and considering the exemption at the end of 1982?

Hon. Mr. Henderson: Either the Treasurer or the Minister of Revenue will make an announcement very soon. I do not have the right to make that announcement, as you know.

Mr. MacDonald: Okay, I sure know.

Hon. Mr. Henderson: There is the confidentiality of cabinet; either one of them will make the announcement.

Mr. MacDonald: Fair enough. Let me ask you a second question with regard to the farm tax reduction program. Of \$191 million or thereabouts in the agricultural budget, which is one per cent of the gross budget of the province, \$50

million of that \$191 million is the tax reduction. If that is going to be picked up otherwise by way of Intergovernmental Affairs, Municipal Affairs and Housing, or Revenue or wherever, is there any prospect that this \$50 million, which up until now has been in the agricultural budget, will remain there and be used as an enrichment of your program which has been relatively speaking poor as compared with Quebec and most of the other provinces, or are you going to cut the agricultural program per se back from \$191 million theoretically to \$141 million? That would surely be an intolerable and unacceptable proposition.

Hon. Mr. Henderson: Mr. MacDonald, I have many budget meetings for my 1982-83 budget. That money is in my budget for that year.

Mr. MacDonald: For purposes of paying the taxes or alternative programs because it is going to be picked up elsewhere?

Hon. Mr. Henderson: As of today, it is in there for the purpose of paying taxes, and you know it is not firm until it is read out in the House next April.

Mr. MacDonald: Oh, that means you are likely going to operate on rebates.

Hon. Mr. Henderson: No, it is in my budget for 1982-83, but until it is read out in the House that is not firm. The dialogue I have had—

Mr. MacDonald: Okay, I don't want to breach cabinet solidarity and what not. Let me go on to item 2, Mr. Chairman, which is grants for farm development and productivity.

One of the things that fascinates me about the Conservative Party is periodic brush fires that develop in the grass roots of the back benches. We had the member for Wellington-Dufferin-Peel (Mr. Johnson) in the brush fire here a day or so ago about your use of food products for energy processes when the world is starving and so on.

I want to deal with another brush fire. On January 14 this year, the Kitchener-Waterloo Record carried a story by Jim Roman, which said, "A Tory back-bencher at Queen's Park has caught his party by surprise by issuing a news release critical of a program for farmers. Bob Eaton of Middlesex"—too bad Bob is not here—"sent a news release to reporters this week, then joined the resources committee for a week-long trip to Europe." The perks of Queen's Park.

"The release says, 'It is long past time for a major overhaul of the capital grants program for farmers.'" We are dealing here with grants for

farm development productivity, Mr. Chairman. "When the Record asked Agriculture Minister Lorne Henderson about Eaton's concerns and his news release, he said he wasn't aware of them until 'I got the call from you.' Henderson made it clear that he didn't appreciate the criticism from Eaton and noted that he had called conference on February 4 and 5 to discuss the future of agriculture.

"He said Eaton and others could have raised their suggestions there, adding that it is easy to toss off ideas without full consideration." Oh, you Tory back-benchers, you irresponsible bunch, tossing out things without full consideration. "He never made any suggestion to me at all. His views were never discussed in caucus," Henderson said, 'or else the whip would have told me,'" and so on.

How serious is this revolt in the Tory back-benchers with regard to the outmoded state of your capital grants to agriculture?

Hon. Mr. Henderson: We have the best back-benchers there are in this Dominion.

Mr. MacDonald: I am talking about your capital grants, not your back-benchers. How serious is it?

Interjection.

Mr. MacDonald: Your suggestion that the member for Middlesex is one of your best back-benchers is rather denied by the reality of what has happened in the last three or four years, at least in the view of the Premier (Mr. Davis).

Let me put it in a straightforward, noncontroversial fashion. Is there any reconsideration of your capital grants program in view of a protest which at least emerges from Bob Eaton? How important he is in the Tory party, I would not like to say.

Hon. Mr. Henderson: Bob Eaton is a very capable member.

Mr. MacDonald: Not capable enough to get in the cabinet, though.

Hon. Mr. Henderson: His views are listened to by all ministers and by our Premier. Bob Eaton felt there should be a capital grant for storage, and there is, through the bill. Bob Eaton and other back-benchers thought there should be. I could name others, but you are naming Bob Eaton. I could bring some pretty good back-benchers into this. The Liberals tried to steal it from us, but we got the chance to implement it.

Mr. MacDonald: You have both been stealing from the NDP for years, so cheer up.

Mr. McGuigan: It was a Liberal platform before this government's.

Hon. Mr. Henderson: Yes, but you remember there have been some bad Liberal platforms over the last 40 years, and they haven't been very successful.

Mr. McGuigan: That was one of the good ones that will live forever.

Hon. Mr. Henderson: There was \$8.5 million in the capital grants last year, and it was just a little over one quarter used. We are using it in the other areas, so the old capital grants program is not being utilized.

Mr. MacDonald: One of the reasons I raised this is that I am rather intrigued that last year the estimates for grants for farm development productivity were \$10 million and this year they are \$8.5 million. Are you suggesting that farmers—

Hon. Mr. Henderson: There is no money. Mr. Riddell can tell you that, or Mr. McKessock; any farmer can tell you that there is no building being done out there.

Mr. MacDonald: Do you mean when they are offered a grant?

Hon. Mr. Henderson: Even when they are offered a grant.

Mr. McKessock: Just on a point of clarification here: Did you say that the capital grants money was not being used last year? Is that a percentage?

Hon. Mr. Henderson: Mr. Bennett can answer that. He is the man who—

Mr. McKessock: I want to point out, just before you answer me, that the capital grants program was drastically changed, as we know, in the last year or two, and I would suppose that is why it hasn't been used.

Hon. Mr. Henderson: It was changed at the request of farm organizations. Mr. Bennett, would you like to tell them what was not used?

Mr. Bennett: There is about \$8.5 million available, and last year about \$7 million was used. So far this year, up until the last printout on October 1, there was \$2,225,000 spent in the program.

Mr. MacDonald: Out of \$7.5 million.

Mr. McKessock: Would you point out the changes that you made to the program? Is it correct to say that you cannot get it for capital buildings now, or to remove fence rows? There are a lot of things you cut out of that capital program and when people come to you now wondering if they can get it, they find they are not eligible any more.

Hon. Mr. Henderson: Let Mr. Bennett explain. You really should get the benefit of Mr. Bennett. He is going to leave our department; he is going to go into retirement after more than three decades of service.

Mr. McKessock: Good job.

Hon. Mr. Henderson: No, it is not.

Mr. McKessock: No, I mean it is a good job to get into.

Hon. Mr. Henderson: I think that requires an apology. Mr. Bennett is one of our most faithful employees.

Mr. McKessock: Mr. Minister, you have an awful time picking us up wrong. I said "a good job"; retirement is a good job.

Mr. McGuigan: Mr. Bennett has done a good job.

Hon. Mr. Henderson: You bet.

Arthur, would you like to respond?

9 p.m.

Mr. Bennett: The program was changed very substantially. The old capital grant program was completely dropped, and in its place was a program that was to meet two specific needs that were determined at that time. One was to focus on conservation efforts, and the other was to do something specifically for the young farmers, the beginning farmers. So any new farmer is eligible for practically the same kind of capital grant program that was available for 10 years.

Those who had participated in that program and used the entitlement are greatly reduced in the items they can apply for now. Everybody is eligible to apply for the conservation-type ones—manure storage, erosion control measures and this kind of thing. Those were used quite extensively last year, but there is a great reduction this year. As the minister says, farmers are not buying; they do not have the money to spend.

Mr. McKessock: I can see that. But I can also see that when you renewed the program after it ran out, after 12 years, if you had left it entirely the same plus adding the new items to it, you would definitely have had no money left in your budget. I would bet a lot of money on that. But you took away the things they were able to get under the old program.

The new farmers could get it, sure, but anybody who got his \$3,000 10 years prior could not get it. I am saying it would be better if you had started a new program and said, "Okay, you can get another \$3,000 now." That was a very

slim capital grants program. It worked well, but it was pretty slim for nowadays—saying that if you collected \$3,000 12 years ago you are not eligible any more.

Mr. Bennett: That was a policy decision.

Mr. McKessock: That is what I mean. I just want to make it clear why there is money left in the budget. It is because the capital grants program was changed.

Mr. MacDonald: Mr. Chairman, if I can recoup the situation here, the thing that puzzles me is the number of times this ministry promulgates programs and they don't get used. We had a program for young farmers loans back in 1975, and six years later only a third of the money had been taken out. We had a program for subsidization of interest rates last year—\$25 million—and only a third of it was taken up by the end of March so the whole thing was wiped out. Now we have Mr. Bennett telling us you have had a program of grants for \$7.5 million and something over \$2 million has gone. Surely there is something wrong with the program.

Hon. Mr. Henderson: No, there is not.

Mr. MacDonald: Just a minute. If agriculture is in as serious an economic state as it has ever been perhaps in living memory, and you are promulgating programs that are used by one third, roughly speaking, then there is something wrong with your program.

Hon. Mr. Henderson: The original program came out in 1967. If any honourable members would care to look into history, it was a 10-year, \$12 million-a-year program.

Mr. McKessock: A good program.

Hon. Mr. Henderson: The money was spent by 1975. We added additional moneys and carried it for the original term of years at almost \$20 million extra in that original program. So that program was gone; it was used up. We came out with a simple new program.

Mr. McKessock: That wasn't as good.

Hon. Mr. Henderson: That the farm people asked for, the farm organizations.

Mr. McKessock: I am telling you, a lot of them called me asking for the old one.

Hon. Mr. Henderson: Talk to the farm organizations.

Mr. McKessock: I have.

Mr. MacDonald: Mr. Minister, there is no point in arguing. Whether or not the farmers asked for it, you have a job of seeing that the program is geared to really meet the needs of

the farmers. If you are offering \$7.5 million and the farmers are picking up only \$2 million-plus it obviously is not meeting the needs of the farmers. They are not stupid; they want to use the money made available. If they don't, there is something wrong with the program.

Mr. McKessock: Right.

Mr. MacDonald: It is as simple as that.

I am not going to browbeat the point. I have two quick questions.

The third item is grants re bank loans to farmers. What the devil is that? Last year it was \$2,888,000, and this year it is at \$638,000.

Hon. Mr. Henderson: Roland Sewell is my chief financial officer in the Ministry of Agriculture and Food.

Mr. MacDonald: At a time when farmers are looking for bank loans and grants that might help them, I am a little mystified about the total—

Mr. G. I. Miller: Can you answer the question about the grant program on the shoreline protection? Was there any money utilized in that area?

Hon. Mr. Henderson: Wait a minute. The shoreline protection is under the Minister of Municipal Affairs and Housing, Claude Bennett. I am not sure of the one you are thinking of. Is it this loan that is similar to our tile drainage loan?

Mr. G. I. Miller: I thought Mr. Bennett mentioned conservation—

Hon. Mr. Henderson: Let Mr. Bennett explain it.

Mr. G. I. Miller: I am just asking for clarification on what Mr. Bennett said.

Hon. Mr. Henderson: Let Mr. Sewell answer Mr. MacDonald first.

Mr. Sewell: Re bank loans to farmers: That is basically any program in which a farmer is paid a grant, a refund of interest or of the principal amount under the bank loan program. The reason for this significant reduction from last year to this year is that last year was the final year of the loans under the industrial milk production incentive program. They went out last year.

This year the money—I think it is \$638,000—is to cover the interest payments on the tornado loans, the difference between six per cent and the prime rate, which is roughly \$450,000, and the loans under the Labrusca grape conversion program, where we were paying the full interest for the first five years; those will be tapering off.

Then there is any other carryover we might have on those IMPIP loans if any are still to slide over and a few of those interest assistance programs that came out this year.

Hon. Mr. Henderson: How much is the grant again, Roland, to the Woodstock or Oxford area?

Mr. Sewell: For the tornado loans it was the difference of the bank loan—

Hon. Mr. Henderson: I know it is the difference but how much was the money?

Mr. Sewell: In these estimates we assigned about \$450,000. The problem was, of course, when we put out the money we did not know what the prime rate would be. I think we guessed it would be between about 15 per cent and 18 per cent. It has gone up since then.

Mr. MacDonald: Thank you. That at least explains it.

Hon. Mr. Henderson: How much is lent out on that? It was an interest subsidy, was it not?

Mr. Sewell: Yes. The difference between six per cent and the prime rate.

Hon. Mr. Henderson: But we did not lend them the money, did we?

Mr. Sewell: No. There is a guaranteed loan; the loan is 100 per cent guaranteed to the bank.

Hon. Mr. Henderson: It was a guaranteed loan, and we paid the difference between six per cent and the prime rate. Okay.

Mr. MacDonald: This is the area where you might begin to catch up with all the other provinces in view of the statistics I gave you a few moments ago. Ontario is about second to the bottom of the provinces in terms of outstanding loans by the provincial government: \$1,199 per farmer in Ontario as compared with \$17,000 in Quebec and \$11,000—

Hon. Mr. Henderson: This afternoon you wanted to say that in the House.

Mr. MacDonald: I did say it.

Hon. Mr. Henderson: No. It was not recorded. You were cut off.

Mr. MacDonald: I got it in. I do not get cut off by the arbiters in the Speaker's chair. After I left our colleague got it wrong anyway, because they are FCC figures from Statistics Canada.

Interjection.

Mr. MacDonald: Seriously, Mr. Chairman, I

know you want to laugh some of these things off because you are not willing to do anything about them. But this is an area where you might be willing to encourage loans to farmers if it amounts to subsidization, not on a nit-picking basis—this grant, that grant and the next grant—but just grants generally that will subsidize loans and credit the farmers to meet whatever they deem to be their top priority needs.

Mr. McKessock: If you reintroduce the junior farmer loan program, they will—

Mr. MacDonald: On a dollar basis. For everybody, including Jim.

Mr. McKessock: For everybody.

Mr. MacDonald: That's right. I do not know whether you want to go back to Mr. Bennett now before I ask my final question.

Hon. Mr. Henderson: No. We will go back to Mr. Miller in a moment.

9:10 p.m.

Mr. MacDonald: Okay. In view of all your rhetoric, election and otherwise, about northern Ontario development, I am a wee bit puzzled as to how come your grant for northern agricultural development is down from \$1 million to \$750,000.

Hon. Mr. Henderson: Have we gone over what the northern grant agreement covers?

Mr. MacDonald: Are you in effect answering me by saying the grant with the federal government is picking up so that you are reducing what is coming out strictly from the provincial Treasury? Is that what you are saying?

Hon. Mr. Henderson: No. I am asking have we gone into detail—

Mr. MacDonald: You told us about the federal agreement that dealt with drainage and many other things.

Hon. Mr. Henderson: As you know, the Minister of Northern Affairs had a difficult time getting it announced.

Mr. MacDonald: Oh, it is announced. We all got copies from your executive assistant about the announcement on October 2 or thereabouts. But why is this grant back from \$1 million to \$750,000?

Hon. Henderson: I will ask Mr. Galloway to answer it. As far as I was concerned, it wasn't cut back.

Mr. MacDonald: There is no pagination in this very useful document; so I can't tell you what page I am on.

Mr. Galloway: The northern agricultural development grant under this vote and item is the northern agricultural policy and a subsidy on the tile drainage debentures in unorganized areas. It is not the northern rural development agreement funding; so it not the funding process.

Hon. Mr. Henderson: That wasn't announced when those were put together, Mr. MacDonald.

Mr. MacDonald: I agree. This was made a year ago.

Hon. Mr. Henderson: Did that answer your question?

Mr. MacDonald: So you were cutting back even before you got into the federal-provincial agreement on northern development?

Mr. Galloway: There was a reduction in the amount that was available under the agricultural policy.

Hon. Mr. Henderson: Are we having problems? Do we have projects we haven't approved?

Mr. Galloway: No.

Hon. Mr. Henderson: We are meeting the requests of the farmers.

Mr. MacDonald: If you are meeting their requests, I am curious to know why you need all that money from the federal-provincial agreement.

Hon. Mr. Henderson: To do extras.

Mr. Galloway: For other things.

Mr. MacDonald: For things other than tile drainage?

Hon. Mr. Henderson: Explain it again.

Mr. Galloway: This is two programs basically. The subsidy on the tile drainage debentures in unorganized areas in the north is budgeted at about \$150,000. The other \$600,000 for this year is the northern agricultural policy; that is the money that is apportioned out to each district, and there is a local committee of farmers in each district which determines grants that will be available to farmers in those areas on an annual basis.

Mr. MacDonald: Thank you.

Hon. Mr. Henderson: I think it would be nice for the committee to know that I read a report today about a community pasture in the New Liskeard area. It is under the Ministry of Northern Affairs. The amount of beef they are taking per acre up there is pretty shocking; it is something like 300 pounds of beef in that

community pasture. It costs about 16 cents a pound, according to the report I read in the House this afternoon. It is working well.

Mr. Stokes: We do most things well in the north, if given an opportunity.

Hon. Mr. Henderson: I fully agree.

Mr. Miller, you asked about the Shoreline Protection Act. This is an act that was brought in eight or 10 years ago when the lakes were high and the shores were washing away. The government brought out a program under the Ministry of Natural Resources similar to our Tile Drainage Act. The money was lent out and paid back over a 10-year period. I believe that act is now administered by the Minister of Municipal Affairs and Housing. I will let Mr. Bennett answer what I believe you wanted to know. There are the two distinctions.

Mr. Bennett: The large shoreline projects have to be funded under the policy Mr. Henderson has mentioned, but this productivity incentive program will assist farmers who have gullies or small streams through their farms. Quite a number of those projects actually have been down in your area, Mr. Miller, in the tobacco area. There were big slumps taking place where farmers were working the fields up close to the edges of the ravines. The agricultural engineer who serves your area is really one of our experts in that whole program.

Last year there was about \$300,000 spent on grants to those kinds of projects. So far this year a little more than \$70,000 has been paid out to individual projects for that kind of erosion control.

Mr. G. I. Miller: Do you know what the total fund is?

Mr. Bennett: It is in the \$7.5-million range. There is no limit. If all the farmers wanted to use that, the money would go for that. The farmer has the choice of what he uses under this program, what item he spends the money on.

Mr. G. I. Miller: Was it \$2.25 million being utilized out of the total fund?

Mr. Bennett: Last year almost all of the money was spent. This year, in just half of the year, we have not spent half of the money yet. The way farmers are making improvements these days, or slowed down from making them, I do not think it will be spent.

Mr. Andrewes: I have one question of Mr. Bennett before he goes. Within the descriptions

of your programs, can you tell me the difference between a beginning farmer and a young farmer?

Hon. Mr. Henderson: You are not a young farmer.

Mr. Boudria: It is one with no grey hair.

Mr. Bennett: Under the old junior farmer loan program there was an actual age of 35 or under, or as long as the spouse was under 35.

Mr. Andrewes: That was a junior farmer?

Mr. Bennett: That was the junior farmer. Under this program there is no age restriction.

Mr. Andrewes: That is a beginning farmer?

Mr. Bennett: Yes.

Mr. Andrewes: As long as he is not engaged in full-time agriculture up to this point in his life?

Mr. Bennett: If they had not used the old capital grant program for those specific capital improvements.

Mr. Riddell: On that same program, if I may: Maybe I have a different interpretation from the one that Bob McKessock has, but am I wrong if I state that a farmer could have received a grant of \$3,000 from the old program but that, if he followed the soil or water conservation measures, or some of the things that are stipulated, he would be entitled to a grant of up to \$3,000 in the new program?

Mr. McKessock: That is right.

Mr. Riddell: But you were talking about the happy who got his \$3,000 grant and then he was just out of luck.

Mr. McKessock: You are out of luck for the building program. They have taken the capital building program out of this one.

Mr. Bennett: The building program is only for the beginning farmers. The conservation program was for all farmers. That was perceived to be a very great need. The Ontario Soil and Crop Improvement Association and the Ontario Federation of Agriculture were asking for that kind of program, and that is what Mr. Henderson was referring to.

Hon. Mr. Henderson: Under the old program, three years ago, if you had got the \$3,000 you could not get any more. We have closed those books and started anew.

Mr. G. I. Miller: Could that apply to municipal clean-out drainage?

Mr. Bennett: No. This is for individual farmers.

Mr. G. I. Miller: But if you had a drainage ditch that needed cleaning out, could you apply for that as improving drainage?

Hon. Mr. Henderson: Wait a minute now; municipal drainage is something different, Gordon, as you know.

Mr. G. I. Miller: Could it not be used for improving main drainage ditches?

Mr. Bennett: What a number of people are doing is filling in the main drains and then putting in a grass waterway; that is an eligible expense under the conservation part of this program.

Hon. Mr. Henderson: But, Gordon, there is a grant of a third of the cost for municipal drainage, under a different branch.

Mr. G. I. Miller: If you had a municipal drain, I just wondered if that could be utilized each time you cleaned a ditch, which would include drain purposes. But it is strictly for erosion and not for improving drainage?

Hon. Mr. Henderson: It is for erosion, not for drainage. We have drainage under Mr. Spencer's branch.

Mr. G. I. Miller: It's not very clear.

Hon. Mr. Henderson: Oh, listen, it is pretty clear. Is there something you do not understand? Mr. Bennett will be glad to answer you.

Mr. G. I. Miller: No, no. I understand that. But it is hard to get access to it.

Hon. Mr. Henderson: No, it is not. You talk to some of your farmers who have it.

Mr. McKessock: On that point: If he were cleaning out a ditch and he grassed the sides of the ditch, that would be part of it, would it not?

Mr. Bennett: If it is to prevent erosion, then quite a number of farmers, rather than having the ditch there, are putting tile in it and then a grass waterway over it so that the water will run both on top and through the top. Quite a number of projects have been along those lines.

Mr. G. I. Miller: And they can qualify for the \$3,000 grant?

Mr. Bennett: Yes.

9:20 p.m.

Mr. Riddell: Mr. Minister, with all the sincerity I can muster, I seriously ask that you consider the crisis facing the farming industry today and the impact it is having on the economy in general.

It is unfortunate that you did not have more time to travel with the task force and listen to some of the stories. I was up there yesterday. I did not realize the seriousness of the situation until I sat there and listened to delegation after delegation get up and make their presentation.

Three federations of agriculture, Bruce, Grey and Huron, made presentations yesterday. I believe it was Ev Biggs, the former Deputy Minister of Agriculture and Food, who put the question to each one of them: "What percentage of the farmers do you feel have either gone bankrupt or have been forced to sell before going bankrupt?" They said a conservative estimate would be 20 per cent.

Then this realtor got up. He lists and sells property in parts of Grey, Bruce and Huron. He was asked the same question. He said, "From my personal experience, I would put the figure in this area at closer to 40 per cent."

He said: "I will give you an example. I have 10,000 acres listed now. I could take on another 10,000 acres just like that, but I cannot find a buyer. I would like members of this committee to leave their seats now and come with me; I will take them on a drive between Chesley and Paisley, an eight-mile stretch of road, and I will show them 2,000 acres of land with for-sale signs."

It is a very serious situation.

Then a representative of the Ontario Retail Farm Equipment Dealers Association got up before the committee and said, although he could not confirm it, that there are about 70 machinery dealerships that either have gone under or are on the verge of going under.

Another guy got up and mentioned something that I did not know, although it happened to be in my riding. He said he understood that the Suncoast Mall, one of the good shopping malls in Goderich, had gone under. If you drive through any of these towns in rural Ontario you will see stores vacated, you will talk to merchants who say they cannot hang on because they are not getting the business. It is the old story: As the farmer goes, so goes the economy.

I do not particularly agree with Bob McKessock when he says that what is needed right now is long-term credit or the re-establishment of the junior farmer loan program in Ontario, because I think we have to stop that treadmill. I do not think we can continue to put long-term credit out to farmers who are going to use it to continue to expand their operations, to continue to buy more oversized equipment, to continue to build, to continue to buy more and more livestock. We have to stop that treadmill. It has been a lot of this low-interest credit that has got a lot of farmers in trouble, and we want to avoid that.

Mr. McKessock: I said to refinance the debt.

Mr. Riddell: What we need is short-term credit. That is what the farmers are asking for from this government, because it is obvious that the federal government is not going to do anything. I do not look for too much in the November 10 budget, the way things have been going. I do not mind saying that. I think Mr. Whelan's hands are tied, and he is not going to be able to do too much.

The other provinces have accepted that fact and have come in with some kind of program to see that their farming industry is kept viable. So has the United States. We talk about the United States being the trendsetters as far as interest rates are concerned, and they are. But take a look at the credit programs that the United States has for its farmers; not only are there the federal programs but also practically every other state has a supplementary program to the federal credit programs.

What I am saying is that this province, failing the federal government's response to save our farming industry, should be looking at some kind of low-interest, short-term credit to assist the farmers with their operating expenses so that we do not continue to lose more of our good, efficient farmers.

Let us not forget that it is our good, efficient farmers who are going down the tube. It is not all the inefficient farmers. You have them in your riding; I have them in mine. They are the farmers I dealt with when I was in the livestock business prior to getting into politics. They are good farmers. Their dads are still with them on the farms. These are some of the very farmers that are in trouble, and I do not think we can stand to have any more of them go bankrupt.

I am simply saying to you, Mr. Minister, can this province not consider putting up some money on a low-interest, short-term basis to help the farmers with their operating expenses until we get through this tough period of time that we are going through now?

Can we really afford to have any more of our farmers go down the tube, which reflects the economy in the rural communities of Ontario? Businessmen tell me that the farmers are not doing well; so their business is suffering. The machinery dealers tell me they are selling very few new tractors and things like that; in use equipment they are making some sales but new equipment they are not and therefore they are in trouble. If we can stop the farmers from going bankrupt, I think we can maybe save the smaller businesses throughout the communities in rural Ontario.

I am asking, Mr. Minister, are you doing any planning to help the farmers, failing the federal government's response to assist them? And I strongly suspect the federal government is not going to do too much.

Hon. Mr. Henderson: Let me answer firstly by saying that I assured Mr. McKessock half an hour ago that we have not closed the door. I do not think you were here when I gave Mr. McKessock that assurance.

Let us all be honest. Grey, Bruce and Huron counties are in an area of the province that does not produce corn. In that area of the province, livestock is very important; it has been their economy. I do not need to tell you people about the slump in the cattle or red meat industry. You all know about it. You are from farm backgrounds, and you know the problems. I know the problems up there. I have been up there several times. I will be up there next week too.

Mr. MacDonald: Wait until the women take you on.

Hon. Mr. Henderson: They are a pretty tough bunch of ladies.

Mr. MacDonald: You bet they are.

Hon. Mr. Henderson: Yes. And I look forward to meeting with them next Monday at noon.

Mr. Riddell, I fully understand you. I read in the paper this morning the presentation that you just repeated as to what was said. I tell you that the situation is much worse in that area, and I think you would agree with me that it is an area where they depend on livestock; they do not produce grain.

A year ago the price of corn went to \$4 a bushel. Corn farmers from your county—you have a few in the south end of your county; from there south, those cash-crop farmers had an excellent year a year ago, but it was to the detriment of those livestock farmers up there. So it was not only the low price of beef; it was the high price they had to pay for their corn that really caused them grief. On top of that was the interest that they all had to pay.

We know there are a lot of farmers up there. We know about the farm machinery situation. I talk to farm machinery agents every week; they tell me they are not selling the new machinery, as they told you.

To get a little political, my own campaign manager, Garry McGregor, runs the Chrysler dealership in Petrolia. It was a good business. He said to me a week ago, "Lorne, I do not know

how much longer I can go." It was a good, viable business. That is the automobile business. Yes, it is a damned serious situation out there.

Interjection.

Hon. Mr. Henderson: Let me go on. Mr. Whelan left me with the impression that he felt he was going to be able to help. I know what you are saying when you talk about the battle he has fought.

Mr. Riddell: The reason I am not too optimistic is that I think Mr. Whelan's last-ditch attempt was to try to keep the interest on the FCC to 14 per cent.

Hon. Mr. Henderson: I know.

9:30 p.m.

Mr. Riddell: And even after many of the members of the Legislature wrote to MacEachen supporting that—

Hon. Mr. Henderson: I did.

Mr. Riddell: —he failed to do it. That is why I think he is not going to get any co-operation from his cabinet colleagues. The unfortunate thing—

Hon. Mr. Henderson: Jack, I still believe that Mr. Whelan, if he can get the new farm credit act he wants, as he explained to us as provincial ministers at the conference two weeks ago, private enterprise will get an incentive for investing into it through the farms. Let's say you were selling your farm, and let's say you got \$200,000—that is what 100 acres in my area sells for, and you have some selling for that too. The farm credit might put up \$100,000, but when you sell your farm, you can lend \$100,000 to the farm credit, and you will get an incentive.

Let's say the interest rate is 12 per cent. You would not have to pay income tax on it, or something of that nature. He has put a lot of work and planning into this. He spent an hour talking to us at the provincial ministers' conference about it. We as provincial ministers believe Mr. Whelan is very sincere and is really trying and, I think, will succeed in that.

Mr. Riddell: This is one of the things that was wrong with our subsidy program last year. It stipulated on the form that you had to borrow the money from a financial institution, a chartered bank or what have you, a trust company. If you borrowed that money from a private investor you were not eligible for that subsidy. When I went to speak to the farmers in eastern Ontario, in Mr. Boudria's riding, they faced me with this. They had private investors who invested in their operations only to find they

were ineligible for the subsidy, because it stipulated they had to get the money from a registered financial institution. I suggest this may be one of the reasons there was not more utilization of that subsidy. Maybe Mr. Boudria will want to talk about that later.

The unfortunate part of the situation in Bruce, Grey and north Huron is that we have had generations of farmers there who are familiar with that type of farming. They are working in a different topography; they are working in different climatic conditions; they are working with different soils; they know how to farm that land, but these farmers are now leaving the farms. I do not know who is going to take their place. But if it is somebody from southern Ontario who thinks he is going to go up there and administer the same practices—

Hon. Mr. Henderson: He'll get a hell of a surprise.

Mr. Riddell: That's right. This is my worry. We are losing farmers who know how to farm that land and, by God, if we are going to replace them with farmers from some other part of Ontario they are going to be at a dead loss, because they are not going to know how to farm there. This is why I am concerned.

I would dearly love to see the farming industry given some kind of assistance by the province so we will not lose any more of these good farmers. We have lost far too many now. If these federations are right, 20 per cent of farmers have left the land. This realtor said 40 per cent. That sounds a bit high to me, but it brings out the point that there is a very serious situation up in that part of our agricultural community.

As far as the reinstatement of the junior farmer loan is concerned, I would like to see long-term credit handled by the federal government. It was probably the right thing to do when we got out of long-term credit here, because it is a duplication of effort. If we are in an age of restraint, then why set up another bureaucracy in order to handle long-term credit? But if Whelan, or whoever succeeds him, is not going to be successful in getting more money into the FCC to meet the demands of the farmer, then I think we are going to have to look seriously here in the province at reinstating something similar to the junior farmer loan.

I would hope we would not have to do it. It all depends on how much money they can get into the FCC program, and that is the place where it should be administered. There is no question in my mind about that. We do not need two

bureaucracies to put out long-term credit to farmers. But, failing to get sufficient funds to assist the farmers, we may have to look at a long-term credit program here in the province. I hope you and your staff are giving that some consideration.

Hon. Mr. Henderson: I do not disagree with anything Mr. Riddell has said. I think you, and all the members, would agree with me, if there could be another half billion dollars in the farm credit, even at 16.75 per cent, and they equalized it down with the loans they have now—some of them at eight per cent—I think some of those loans up there would be at eight per cent.

Let's say there is \$75,000. If they could get another \$100,000 or whatever it might be and have it equalized, if there were some way to get that money into farm credit—Mr. Whelan felt very confident. I do not disagree with you. There is a problem that has to be addressed.

Mr. MacDonald: Mr. Chairman, if the minister does not disagree, let us deal with one of the basic things that has emerged during these estimates. We are rehashing what we did in our kickoffs as critics. It may be appropriate to review it briefly. You have come to the conclusion, with your deputy and his independent survey, that no more than one per cent of the farmers are in really serious trouble.

If you take into account the private receiverships, you may be up to 10 per cent. If you take into account those who are in forced sales, you may be up to 20 per cent. If you take into account those who are resisting forced sales, because they do not want to try to get a reasonable return on their equity now at this low price level, you may get up even higher, towards 40 per cent.

All I am saying is that the whole thrust of MacEachen's and the bankers' conclusion, and your conclusion with your deputy and his independent survey, is that there is no more than one per cent of the farmers who are in trouble. I suggest you are wrong. Particularly in Grey, Bruce and Huron, you are dead wrong. Do not peddle the argument that there is a small proportion. There is a much larger proportion.

Mr. McKessock: I would like to give you one example in Grey—

Hon. Mr. Henderson: Let's be honest. We have agreed there is a problem in Grey.

The Vice-Chairman: I have a list of people who want to ask questions. I am trying to be reasonably fair here without directing the discussion. I think I am going to have to say we are

going to quit the tennis game here and try to be reasonably direct and get on to these people, or we will end up doing a lot of things in the last 10 minutes on Tuesday.

Mr. MacDonald: Including vote 1902?

The Vice-Chairman: There are other people here who wish to make comments. The next I have on the list is Mr. Boudria.

Mr. Boudria: Mr. Chairman, I will take only a few minutes. My questions are in relation to pork producers, especially in eastern Ontario. They have some very serious problems because, unlike pork producers from other areas, they are relatively new producers—

Hon. Mr. Henderson: No. They are not unlike other areas.

Mr. Boudria: A lot of pork producers in southwestern Ontario have not just been there for the last three or four years. This is something that is bigger in eastern Ontario than in other areas. Nevertheless, one of the problems they are having, as new producers, is that they have had to borrow a lot of money at higher interest rates.

While some pork producers now are making some money—granted none of them is making that much—the producers in my area are still losing. Almost to add insult to injury, one of the problems they have been having is the matter I raised with you in a letter, Mr. Minister, of the Ontario farm interest assistance program. The people in my area have borrowed principally from private lenders as opposed to the financial institutions which would make them eligible to have assistance under that program. Because they borrowed from private lenders, they cannot collect a thing. Their applications have been refused.

4:40 p.m.

What puzzles me in this is the following. It seems like the Ontario government has been telling everybody all along that it wanted to attract private capital into some of those things that were being done by banking institutions. It has been encouraging so-called risk capital. You were saying a few minutes ago that the government wants to work in co-operation with private lenders, especially the FCC, for certain types of farm financing.

Hon. Mr. Henderson: No, I said Mr. Whelan conveyed that to us in Alberta and he conveyed again to me two weeks ago tomorrow morning; it is not our government, but Mr. Whelan who conveyed that to me.

Mr. Boudria: Then may I ask you, is it a philosophy of your government to try to do that, to get private lenders to assist in all kinds of ventures, especially farming ones? If that is your policy, you are sure discouraging everybody from borrowing from private lenders with a plan such as that one. There are a few large private lenders in my area. They have lent money to farmers and they always do for their demand loans.

Perhaps I can read the letter you sent to me; it is only two paragraphs long. The minister wrote to me and said: "I wish to acknowledge your recent letter pertaining to the 1980 Ontario farm interest assistance program with the two applications attached. When this program was initiated consideration was given to providing assistance on moneys that were borrowed for farming purposes from private sources.

"However, since the amount of these funds that are borrowed from individuals is not available for budgeting purposes and the limited amounts of funds that were available for the program in 1980"—remember the words, limited amounts of funds—"it was impossible to include these sources in the program."

We are just hearing that most of the money was not used at all in the program, because people just did not apply to use it. If you are saying you did not know how much money you needed in order to apply the funds for the private lenders, it would appear that you also did not know how much money you needed for the financial institutions, because that money was not used to anywhere near the amount you had forecast. Would it not still be possible at this time to change some of your policies so that people who borrowed from private lenders could take advantage of some of those programs you have?

Hon. Mr. Henderson: That was a program of the 1979-80 fiscal year—no, wait a minute, it ran into 1980-81. Definitely, if we come out with a similar program, we will look at all recommendations.

Mr. Boudria: Are you saying you could not look at this again?

Hon. Mr. Henderson: Not at that, but if we should come out with another interest subsidy program then we will look at all recommendations. But there is no program.

Mr. Boudria: But for the people who have applied under the previous program, is there no way you could make the moneys available to those who had applied under the old program

and who had borrowed from private lenders? You are saying you may be willing to do that for new programs, but as far as the ones in existence now are concerned, and in view of the fact you had so much money in the program left over—

Hon. Mr. Henderson: I am sure you do not understand provincial funding. When the last day of March comes along, that fund is not there any longer. So on the last day of that fiscal year that money was not there. We do not have what you say.

Mr. Boudria: I recognize that. That is not just in provincial funding. It is the same in municipal funding where I used to be.

Hon. Mr. Henderson: With all due respect, the municipality still has that money, but the provincial funding is cut off. Any money that is not spent within my department as of the last day of March goes back in.

Mr. MacDonald: That is why your expenditures in the last three months really balloon.

Hon. Mr. Henderson: If you were the minister, you would see you took care of the people you were representing, if you could at all.

Mr. Boudria: It is six of one and half a dozen of the other. I could ask my question another way. Could the minister yet consider this year assisting those farmers who applied under that program last year, from some funds that are still available in his budget?

Hon. Mr. Henderson: I know what you are asking but it is a dual question. First, you are asking if I could institute a tax incentive. That was in the early part of your remarks.

Mr. Boudria: Yes, in the early part of my remarks there was a request for an incentive for the pork producers.

Hon. Mr. Henderson: We do not have the authority. The taxing system is under the government of Canada. You are new in the House. Some of the older members will tell you that earlier this year we carried a bill through the House that agreed with the federal government on corporate loans and we extended that incentive at the provincial end of the tax as well.

So we did go along with what the federal government had done instead of applying it to the provincial tax. Now the books are closed on that particular interest subsidy.

The Vice-Chairman: We are going to have to move along or we will be in a hopeless position. There are two more people who have asked to speak, the member for Lincoln (Mr. Andrewes)

and the member for Kent-Elgin (Mr. McGuigan). I will take those and we will move on to the next section.

Mr. G. I. Miller: May I be on the list for one short question? Will you give me five minutes?

The Vice-Chairman: Okay, but be quick.

Mr. Andrewes: I will be brief, Mr. Chairman. The member for Huron-Middlesex (Mr. Riddell) indicated that in his opinion—and I would support him in this—any long-term credit to farmers should be coming from the federal government. It is pointless to duplicate the administration. That was seen some years ago when the provinces phased out of these programs. Some of them have seen fit to go back into them, but I think that decision was true then and is true at this point.

You are suggesting, Mr. Minister, that hopefully the proposals Mr. Whelan has made will find some solid ground with Mr. MacEachern and Mr. Whelan's other federal colleagues. I feel very concerned about this and I wonder before we pass over it, if the minister would comment.

Mr. MacDonald: He cannot comment if he does not hear it.

Hon. Mr. Henderson: Sorry, I was talking.

Mr. Andrewes: Would the minister comment on whether there is any further support this committee could give to you or through you to Mr. Whelan in his struggle with his cabinet colleagues?

Hon. Mr. Henderson: In responding, let me say first that all the provincial ministers supported Mr. Whelan in his proposal. As I remember it, they sent a telegram to the Prime Minister. About a month after we came back, again personally sent support from the government as the Minister of Agriculture and Food.

I know the Liberal members here have sent support to Mr. Whelan. Perhaps I am moving out of turn. The member for Huron-Middlesex made a proposal that would be in order if you people could adopt some form of a resolution that you would ask me to send from this committee.

I think it would help Mr. Whelan. I am not doing this to embarrass him. I would hope my proposal would help him. I think he needs the help. If you people saw fit to draw up some type of resolution, I would be glad to follow through.

Mr. Andrewes: I would have to bow to more senior members of this committee at this stage. Are we allowed to introduce resolutions during estimates?

Mr. MacDonald: If you introduce a resolution, I am going to oppose it and I will tell you why. Whatever influence we have on Eugene Whelan—

Mr. MacDonald: The resolution is not on the floor yet.

Mr. MacDonald: Well, if it were.

Hon. Mr. Henderson: I do not think you could have influence on Mr. Whelan. He is with it. It is on his colleagues.

Mr. MacDonald: It will not have any influence on Mr. Whelan vis-a-vis Mr. MacEachen and the rest of his colleagues. What we are interested in here is the influence on this minister and his colleagues to do what is necessary if Ottawa does not. That is what we are interested in. Let us not get sidetracked into blaming the feds, because if the feds do not do it their budget then the farmers are going to suffer if this government will not act. Our job is to get this government to act.

50 p.m.

Hon. Mr. Henderson: I take it then that the New Democratic Party does not support such a resolution?

Mr. MacDonald: No, because I want to keep the pressure where it belongs in this committee and that is on the provincial government.

Hon. Mr. Henderson: They do not support it. I report that Mr. MacDonald had input into the book in the late 1960s, *The Challenge of Abundance: The Report of the Special Committee on Farm Income in Ontario*.

Mr. Stokes: If I might interject, Mr. Chairman, I think the minister needs a lesson in parliamentary procedure.

Hon. Mr. Henderson: I do not need any lessons, Mr. Chairman. I am sorry, but we are farmers.

Mr. Stokes: Standing committee cannot send reports to other jurisdictions except through the House. If you want to pass a resolution here for presentation to the House, God bless you. The Speaker will be happy to send it as long as it has the approval of the House. That is the proper procedure and protocol.

Hon. Mr. Henderson: With all due respect to the honourable member, I do not think we have even got to that point yet. We know he is the former Speaker and we know—

Mr. MacDonald: The onus that is put here is on you and your cabinet. Stop trying to pass the buck to Ottawa.

Hon. Mr. Henderson: I have to accept that Mr. MacDonald does not accept such a proposal in speaking for the New Democratic Party.

Mr. McKessock: I tend to agree with his sentiments.

Hon. Mr. Henderson: Do you? Do you not support supporting Mr. Whelan?

Mr. MacDonald: You always like to confuse issues.

Mr. McKessock: I support Mr. Whelan, but I agree that our business here in the Ontario Legislature is to try to give you all the support we can to get what we think we need in Ontario from this government.

Mr. MacDonald: Right.

Hon. Mr. Henderson: It appears that the Liberals do not want to support such a situation, nor do the New Democrats.

The Vice-Chairman: Under the time restrictions I think we should move on through the questioning.

Mr. G. I. Miller: Could I ask one further question quickly on the junior farmer loan program?

The Vice-Chairman: Yes, but Mr. McGuigan is on first. I am sure if the members of this committee wish to write letters as a group or as individuals to Mr. Whelan, there certainly are some general sentiments that the members of the committee agree on and possibly we can resolve the situation that way and get on without any further debate on a resolution as such.

Mr. McGuigan: Mr. Chairman, I would like to make one quick comment about the past topic and that is I believe the minister really wanted to strengthen Mr. Whelan's hand. I am speaking about strengthening it with the federal members of Parliament from other provinces, both Tories and Grits, not the cabinet.

Mr. MacDonald: And the NDP.

Mr. McGuigan: Sorry; and the NDP.

Hon. Mr. Henderson: There are not many.

Mr. McGuigan: They are still elected—strengthen their hand by showing that you are shouldering your responsibilities as are the ministers of agriculture of many of the other provinces. If I were a member of Parliament from Quebec or Alberta, I might be inclined to say: "Why should we rescue Ontario when the Ontario government will not rescue them? We are rescuing our people in our provinces and

you are not." I throw that out as a suggestion where you can have some influence on the federal people.

I want to get back to the incentive grant system and suggest the reason there is money left in it. It is an indication of our hard times and that in these hard times people are not taking on long-term expenditures, because the erosion is a long-term expenditure, and it is one that I support.

You might recall when your colleague sent out the press release saying the money should be spent in other ways, I sent one out saying it should be left the way it is. In that instance I supported the minister. He does not need to count on my support but—

Hon. Mr. Henderson: You are not a bad fellow.

Mr. McGuigan: —I did in that particular case.

Hon. Mr. Henderson: He is my neighbour. He represents part of Ontario that I used to represent.

Mr. McGuigan: It does not reflect any basic disagreement I have with the member for Grey (Mr. McKessock) or any other place. It does reflect that in the southwest we do have a real erosion problem and this money should be used for that purpose. One of the reasons it is not being used is that erosion is a very long-term program. People cannot afford to put money into that. It is so long term that the money they are putting into it won't even be realized in their lifetime in many cases, because they are taking on a debt for the good of society rather than for themselves.

In the American erosion program they found out that you do have to add some element of payment to the person doing the work, so that the bill is paid today for the work that society will eventually reap the benefit of. It can be done by way of tax grants or it can be done by direct payment. It is done in a number of ways in the United States to actually pay the farmer to do the things that will benefit society.

Until we really get into that sort of program we are not going to do the things that are necessary. There is a terrible crying need here. It was never more evident than this spring with the rains we had. There were sloping fields that disappeared in some instances in southwestern Ontario. I saw fields that lost 10 per cent of their soil in one year.

Hon. Mr. Henderson: Mr. McGuigan brings up a very important point. Until this year he

would have had a different story, because before this year his part of the province never witnessed erosion problems.

Mr. McGuigan: The erosion has been there but this year it was dramatic.

Hon. Mr. Henderson: I think Mr. McGuigan would agree that in times like these people restrain their spending. Our automotive industry tells us this, our housing industry, everything tells us this. My staff is listening to your recommendations, they respect them and the will be studied.

Mr. McGuigan: Thank you very much. I see here you have less money in recoveries from other ministries. I would like a brief explanation of that, not in detail. I would like to ask, is there any way of getting the moneys that flow back from agriculture into consolidated revenues? Quite a bit of money flows back from quite a number of sources so that we could really get back—

Hon. Mr. Henderson: Let me answer you on that. It is a government decision that a certain amount of incoming moneys—

Mr. McGuigan: I don't quarrel with that at all. I would just like to know.

Hon. Mr. Henderson: The answer would have to be no, if you want a quick answer. Let me explain to you, as a minister I have a car. When I trade that car off, the money from the old car goes to the Treasurer. The new car has to come right out of my budget, the whole thing. That money that goes back in. At the moment the government policy would say no. I know the Minister of Natural Resources (Mr. Pope) came to cabinet not long ago with a proposal but the government said no. Mr. Sewell will answer your other question.

Mr. McGuigan: Just a quick answer. I don't want to take a lot of time.

Mr. Sewell: That \$750,000 is \$750,000 on the northern agricultural development. We get the money back from the Ministry of Northern Affairs, which is funding it. So the net cost to us in these estimates is nil.

Mr. McGuigan: One comment to the minister: I agree with the business of putting money back to consolidated revenue but it does distort that beginning figure of \$217 million when we look at the overall budget.

Hon. Mr. Henderson: I think on Tuesday night the clerk, Mr. Richardson, will be bringing in another few million dollars for approval.

10 p.m.

Mr. McGuigan: I would still like to know what the net figure is—how much money flows back from agriculture into the Treasury? Perhaps, as you say, it is not available.

Hon. Mr. Henderson: Yes. I think it would be available. I do not have it.

Mr. MacDonald: Specifically, how much of last year's total budget went back to the Treasury?

Hon. Mr. Henderson: It would be pretty hard to say. I do not have the figures. Do you have any idea, Roland?

Mr. Sewell: The net expenditure for last year is shown in the front of the briefing material, so you could tell from that what was spent in total. The appropriation was \$214.5 million and the actual spent was about \$209.7 million.

Hon. Mr. Henderson: No, Roland, that is not what he is asking. Just to bring you up to date on the large figure—the payments under the Tile Drainage Act that come back into the Treasury each year—we say there is \$116 million out there and about 10 per cent of that will come back. That is what he is asking about. Do you have any idea?

Mr. Sewell: It will be roughly 10 per cent of the tile drainage eventually—

Hon. Mr. Henderson: But the question is how much of our overall budget comes back? Isn't that the question? There are so many things—junior farmer loans, for instance. It may not appear in our budget but—

Mr. Sewell: I could get that if you want, but in the public accounts you have to tell from the revenue section, reimbursements from Canada, etcetera.

Mr. MacDonald: Maybe we cannot deal with that now, Mr. Chairman, but since we are talking about \$214 million being the expenditure for this year, how much more money through channels and programs within this ministry went back to the Treasurer?

Hon. Mr. Henderson: I know you said you could get us an approximate figure, Roland. Would the Minister of Revenue (Mr. Ashe) be the more appropriate one to give that out or not? Could you help us, or do you have those figures? Would it be a lot of work to get them?

Mr. Sewell: I will see what I can do for next Tuesday.

Hon. Mr. Henderson: That is fair enough.

Mr. G. I. Miller: I was just going over the junior farmer loan program which was dormant, really. You indicated, Mr. Minister, that there

was \$50 million still outstanding. Is that reduced? I notice the amount requested in the brown book here is \$5 million. Is that being reduced by that much a year?

Hon. Mr. Henderson: The question is, there is \$5 million in there, Roland. Is that interest, subsidy or what is it?

Mr. Sewell: That would be the reduction of the loan from the Treasurer, I think.

Mr. G. I. Miller: Are those loans transferable if a farmer sells?

Hon. Mr. Henderson: It is the difference between the provincial going rate and the amount that was charged to the farmer. The subsidy that we pay is the difference.

Mr. G. I. Miller: But if a farmer has that loan and he wants to sell, is that transferable to a new owner?

Hon. Mr. Henderson: I think so, yes.

Mr. McKesock: Is that not part of what your are saying is going back to the Treasury?

Hon. Mr. Henderson: No, no. What Gordon is asking, as I understand it—and maybe Norm Watson would like to answer it; it is in his field. Norm, would you people like to answer that for him?

Mr. Sewell: I know what that figure is that Mr. Miller is talking about. That is the amount of repayments being billed to farmers in June and December—the annual repayment by farmers of principal and interest.

Hon. Mr. Henderson: Is that money that is going to revenue?

Mr. Sewell: No. That comes back into the junior farmer loan corporation, and it reduces the principal outstanding of the loan from Treasury. In other words, it is a total repayment by farmers. They are mortgage payments.

Mr. McKesock: In a roundabout way it is going to the Treasury by paying off the loan you have from them. Is that right?

Mr. Sewell: Yes, that's right.

Hon. Mr. Henderson: Does that answer you, Gordon?

Mr. G. I. Miller: Yes.

Hon. Mr. Henderson: I don't have the book—

Mr. G. I. Miller: What percentage was that? Was that eight per cent?

Mr. Sewell: Five per cent.

Mr. G. I. Miller: Five per cent?

Mr. Andrewes: You mean junior farmer loans are outstanding at five and six per cent and can

be transferred to new purchasers, whether they are junior farmers, beginner farmers or established farmers?

Mr. Watson: The junior farmer loans can be assigned to the purchasers of the farm.

Mr. G. I. Miller: I think there are 3,100 loans there, which should be useful to whoever gets them.

Hon. Mr. Henderson: They don't tell you about them.

Mr. Riddell: When is the last payment year on that?

Mr. Sewell: I think, though, that 29 year is the last loan. So 29—1970: about 1999, I think. Is that about right?

Mr. Watson: Yes.

Mr. Riddell: What were they? Thirty-year loans?

Hon. Mr. Henderson: Twenty-nine-year loans.

Mr. G. I. Miller: So there are 3,127 loans outstanding at the present time?

Mr. MacDonald: On a point of order, Mr. Chairman: Before we leave 1902, I understand we are going to take a look at the supplementary estimate next Tuesday night. But as I look at the supplementary estimate it's on Agricultural Production Programs—Other Assistance to Primary Food Production, which is item 5—what we are now on. It seems to me if we're going to deal with that supplementary estimate I personally would be interested to know where the devil this extra \$37 million is going to be apportioned among the items in item 5 of 1902.

Hon. Mr. Henderson: Do we have that, Roland?

Mr. Sewell: Yes. It's going to be a new item. Do you have the supplementary estimate there? Beef Cattle Assistance Program, it will be called.

Mr. MacDonald: Oh yes. Right.

Mr. Sewell: It is a separate line under those other lines there.

Mr. MacDonald: So you mean it's wholly the \$37 million that went out on the \$40 per head?

Mr. Sewell: Yes, for slaughter and stockers.

Mr. MacDonald: So the \$30 million is now \$37 million?

Mr. Sewell: The \$30 million is for slaughter cattle and the \$7 million is for stocker cattle. Combined it is \$37 million.

Mr. MacDonald: I would assume, Mr. Chairman, we have gone around on this and we have

heard from the minister 1,006 times about this extra \$37 million. If you want a motion to approve the supplementary estimates as an addition to 1902-5 I would move it.

Mr. McKessock: Is that the supplementary estimates you are carrying or item 5?

Mr. MacDonald: Both.

Mr. McKessock: One small question before we leave it, and it ties in to this \$37 million you are just talking about.

I asked you in the House today about when the first part of the beef industry, the cow-calf man, is going to get his slice of this \$37 million. I didn't get a chance to come back in with my supplementary after you went over the feeder and beef program to me again. You said you had thought about the cow-calf program and you went to the federal government to see what they were going to do, and so forth.

My supplementary question would have been: Why do you have to go to the federal government for cow-calf assistance? You didn't for the feeder assistance; you didn't for the feed lot assistance. So why not treat the cow-calf man the same and give him his share of the pie without consulting the federal government?

Hon. Mr. Henderson: Mr. Chairman, if the honourable member will carry his mind back when the beef producers had their trouble in 1980—they still have it but their real troubles started in 1980; the cow-calf problem is much worse this year—in 1980 they did take some lower prices. But it's 10 to 12 cents a pound cheaper this year. You might tell me the price is below 75 cents—you might tell me it's 65 cents—and I won't argue with you. We say it's 72 cents a pound as an average. I didn't tell you that this afternoon, but I had hoped you would come back and argue with me. That's the reason I didn't say it.

Mr. McKessock: No argument.

10:10 p.m.

Hon. Mr. Henderson: That's the reason I didn't say 72 cents, but I said below 75 cents. The government of Canada in its stabilization plan has warned us as provincial ministers that no top loading will be permitted. All the top loading will be taken out of the senior government payments.

Mr. McKessock: Did they say this after you gave out for the feedlot and the feeder?

Hon. Mr. Henderson: I gave out the feedlot

and the feeder under the Agricultural Act, not under the Farm Income Stabilization Act, and I based it on—

Mr. McKessock: We don't care what act—

Hon. Mr. Henderson: Now wait a minute, because I dealt with this pretty carefully. We put a great deal of study into it. We based it on—and you know we based it on—1980 production. The 1980 year was completed by the time we made that, and it was established that there were no federal payments under the 1980 production. So that is the reason we based it on that 1980 year: so the federal government couldn't go to these farmers and say, "You got \$100,000 or \$50,000 or \$10,000 out of the provincial government; we're going to deduct it from it." So we got that taken care of. We waited until March 31—just to repeat—to know there was going to be no federal stabilization in that year. So we based our grant on that year to keep the federal government from taking away from our farmers.

Now we have the real problem of the cow-calf man for that year. If we base it on that year we believe there will be a payment by the federal government next year.

Mr. McKessock: For 1981?

Hon. Mr. Henderson: For the current fiscal year—for the beef that's killed this year or goes to market. It's not going to be big; it's from \$10 to \$14. That's our estimate. We don't know what the federal government will do when next March comes; they work from their figures. But under the 90 per cent we believe they will get from \$10 to \$14 out of the federal government.

Our worry is that if we give that farmer, let's say, \$15, just to keep it at a close figure, on that level on the 1980 calves they are going to go to market in this current fiscal year and the federal government may put us in a hell of a spot. They will say, "You have already top loaded on this." That's the dilemma I'm faced with.

Mr. McKessock: So you feel the federal government is going to come in with a cow-calf program?

Hon. Mr. Henderson: No, I don't. It's that the federal government would come along and take the money we give to the farmers if we come with the cow-calf program. It's a real problem.

Mr. McKessock: You mean if they come in with a cow-calf program?

Hon. Mr. Henderson: No.

Mr. McKessock: They take it off the feedlot?

The Vice Chairman: If they pay it off on feedlot cattle this year, the cattle that will be going to slaughter in this fiscal year—this is what you're saying—were the calves of last year. So if he pays off on calves of last year now, the federal government may subtract that \$15 in the slaughter cattle of this year.

Mr. McKessock: I'm sure that's all very clear to the cow-calf man who's getting nothing—

Hon. Mr. Henderson: I know it is, but I think you people are here to support me. I know you are for the farmers of Ontario. We don't want to do something and take it out of the taxpayers of Ontario and—

Mr. MacDonald: I don't know how they switched that. As I understood it the topping up was a permissible proposition when stabilization was first established.

Hon. Mr. Henderson: Yes, but they have now come and—

Mr. MacDonald: But they have now reversed their position.

Hon. Mr. Henderson: Yes.

Mr. MacDonald: So if you go to 95 over the 90 they're going to take the five off when they make any payments.

Hon. Mr. Henderson: Whatever I give they will take it when that beast goes to market, and Mr. Whelan told me that two weeks ago tomorrow morning. We spent quite a while on it. So I'm caught in a—

Mr. McKessock: So if you give the cow-calf man a payment—if I get clear what you are saying—and the federal government made a payment to the feedlot guy, they—

Hon. Mr. Henderson: Bob, you're a cattleman. You had calves born in May 1980. If you sold them as calves in the fall of 1980 they would weigh about 400 to 500 pounds. Those calves no doubt would have gone to market by now. I know you can tell me your feeders take an extra year. But when they go to the feedlot in my area those calves that weighed 400 to 500 pounds last November are now beef on the table.

So I am saying that we believe the federal government will have to pay some. Statistics tell us that. Our people have looked at it, and we believe that the beef producer at the end of the current fiscal year will get from \$10 to \$14. So if I apply my stabilization payment under the Agricultural Act—

Mr. McKessock: For 1980?

Hon. Mr. Henderson: Yes. And we are afraid the federal government will come along and

take it. Do you want us to collect taxes from the farmers of Ontario to let Canada have the benefit?

Now let me carry ahead and base it on the calves that are growing up now. We believe that next year the payment will be higher because we are into another year of production. We will get those cheap prices—that \$76—out of there.

Mr. McKessock: But the poor cow-calf man is getting the short end of the stick. You are afraid to make a payment to him because he will take that payment from the feedlot calves.

Hon. Mr. Henderson: They will take it from that calf wherever he goes to market.

Mr. McKessock: Yes, but by this time the—

Hon. Mr. Henderson: Are you telling me I should give money to the farmers that the federal government is going to take away from them? That is the predicament.

Mr. McKessock: As far as the cow-calf man is concerned, it is six of one and half a dozen of the other. He didn't get anything.

Hon. Mr. Henderson: No. I have people in this province who have 20 cows and they carry them right through to finished cattle.

Mr. McKessock: In that situation it is all right.

Hon. Mr. Henderson: No, it's not all right.

Mr. McKessock: I mean it's a heck of a lot different.

Hon. Mr. Henderson: I have used the figure \$15. Let us say that I have given them \$15. As the years go on we need the federal payments. That man with 20 cows—and I don't care where he is—goes calf to finish; he has a calf to finish. Are you getting me?

Mr. McKessock: Yes, I understand that part. If the cow-calf man is carrying it right through—

Mr. McCague: Right to the grave.

Mr. McKessock: If they are carrying them right through there is no problem.

Hon. Mr. Henderson: Yes, there sure is a problem.

Mr. McKessock: There is a bigger problem for the cow-calf man who sells his calves, because in 1980 the feedlot and the feeder guy each got a payment, but the cow-calf man got nothing. Now I think the cow-calf man would take a look at 1981 and say, "Give me that payment. If they take it from the feeder and feedlot guys, so what? I didn't get anything last year. That's not fair."

Hon. Mr. Henderson: But you have a responsibility and so do I towards the taxpayers in this province and should we—

Mr. McKessock: Yes, but let's be fair.

Hon. Mr. Henderson: You have an obligation to the taxpayers of this province. Let's say \$10 million went out in what you are proposing and let's say the government of Canada takes \$8 million of it away from the farmers and spreads that across Canada. There is no way—

Mr. McKessock: You are construing something different. They are not taking it away. They are not going to give it to you.

Hon. Mr. Henderson: No, they are taking it away, with all due respect.

Mr. Riddell: Mr. Minister, the cow-calf man has the solution to the problem, but he is too honest to do it. They said to me, "What we should have done was sold the calves to ourselves or sold the calves to our sons and then had the transaction whereby they sold those others as feeders where they would have been covered by your program—

Hon. Mr. Henderson: I am not talking about the feeder program, Jack.

Mr. Riddell: Yes, but I am simply saying that—

Hon. Mr. Henderson: The problem is in a different program.

Mr. Riddell: I am saying this is the way they figured they had of getting something. By showing a sale of their own calves to themselves and then showing a sale of those feeder cattle they would have got—I had some cow-calf men say if they wanted to be dishonest they probably could have worked some kind of a scheme, but farmers are basically honest people.

Hon. Mr. Henderson: Farmers are not dishonest. Farmers in this province are honest people.

Mr. McKessock: As Donald MacDonald would say, "The cow-calf man is sick of sucking the hind tit," and this time it is dry.

Hon. Mr. Henderson: Because of the policies of the party that you are part of.

Mr. McKessock: I don't care what the policy is. They are just left out in the cold.

Hon. Mr. Henderson: I am here to represent all the people of this province and if the federal government is going to take \$8 million out of our people, it is our job to argue for the taxpayers.

Mr. McKessock: At the expense of the cow-calf man.

Hon. Mr. Henderson: It is caused by the actions of the government of Canada.

The Vice-Chairman: I am going to interrupt re. You have expressed your views and early there is a problem in that area. If you wish to address yourself more fully at some later date, then you will have that opportunity.

Vote 1902 agreed to.

On vote 1903, rural development program; item 1, administration:

The Vice-Chairman: Jack, do you wish to comment on 1903?

Mr. Riddell: I thought maybe some of the northern members would.

The Vice-Chairman: You get first crack at it. 120 p.m.

Mr. Riddell: One comment I will make then. Before the task force yesterday, there was a suggestion that maybe the government should get back into landbanking. I trust what they are referring to was the Agricultural Rehabilitation and Development Administration program. They made special reference to the old ARDA program where they bought land and then they turned around and leased that land to the farmer and the farmer had the option of buying that land—I believe it was at the end of the year—for the purchase price. Some of the farmers are wondering if the government is giving any consideration to getting back into that program.

Hon. Mr. Henderson: I do not think so. They would not want to sell their farms at the limit that was put on them.

Mr. Riddell: No, oh no. You would have to change your limits. There is no question about that. My thought at the time, and I told Gord Vinman who was with the London Free Press when this was being discussed, "I doubt very much if the government wants to start buying land at \$2,000 an acre." I suppose up in that area what would it be—about \$1,000 an acre?

Mr. McKessock: Less.

Hon. Mr. Henderson: What is the going rate up and up there?

Mr. Riddell: I will tell you of one instance. A farmer up there bought his land for \$1,700 an acre. He is one of the farmers who was forced to sell. He has his land listed at \$1,100 an acre but he told the realtor if he could get him \$700 he would sell. So I would assume that maybe \$700 is the price of some of that land.

Would the government get back into the landbanking program if they had to pay \$700 an acre? I am simply conveying some of the comments that were made before the committee yesterday.

Hon. Mr. Henderson: Mr. Chairman, I cannot give the honourable member an answer on that tonight but certainly we will look, as I told you earlier, at any proposal that is made here.

Mr. MacDonald: What is your maximum figure now?

Hon. Mr. Henderson: It was \$500 was it not?

Mr. Galloway: There is no program.

Hon. Mr. Henderson: No, I know there is no program but what was the figure?

Mr. Watson: It was \$300.

Hon. Mr. Henderson: Under ARDA, but that program has run out. But we still have some listed.

Mr. Riddell: Yes, I see there is some. Is there not some ARDA land here too under \$1,000? No, municipal taxes on ARDA-owned property, \$200,000, so you still have some ARDA-owned land.

Hon. Mr. Henderson: About 1,000 parcels. But wait a minute, let us clear this. Is that not agreed to be sold?

Mr. Watson: The people who are leasing the land have options to purchase.

Mr. Riddell: Does it look as if they are going to purchase it? Do you know?

Mr. Watson: Time will tell. They have five years.

Hon. Mr. Henderson: It was bought at under \$300 an acre and you say it is worth \$700 now.

Mr. MacDonald: Are you finished yet?

Mr. Riddell: Yes.

Mr. MacDonald: If you are on item 1, again I am puzzled about some of these drops. In this instance it is not northern but municipal taxes that ARDA property owned. There is a drop from \$500,000 to \$200,000 from last year's estimates to this year's estimates. Why would that be? Has that much land been sold so that your taxes are lower?

Mr. Sewell: I think probably that figure was too high for last year. Probably more farmers took that option. In other words, \$500,000 was probably an inflated figure.

Mr. MacDonald: So a good proportion of that \$500,000 went back to Frank Miller, Scrooge, the consolidated revenue fund?

Mr. Sewell: I can tell you what was spent on that. Yes, \$288,000 was spent last year.

Mr. MacDonald: A little more than half.

Mr. Sewell: Yes.

Item 1 agreed to.

On item 2, rural development projects:

Mr. MacDonald: On item 2, if I may pursue this point, northern agricultural rural development projects, how come last year it was \$1,140,000 and this year it is \$640,000? If there is really such an emphasis on developing the north, how come you have that much of a drop? Is that a pickup on this new federal-provincial program you anticipate?

Mr. Galloway: We had attempted to have that agreement signed in the early part of 1979 at the same time as the eastern agreement. That did not come about and there developed some problems with some of the terms of the agreement. Therefore, we did not get the agreement signed until March 2, 1981. Therefore that \$1 million in the previous year's budget was not used.

On the amount we budgeted this year, the approximate \$640,000 is based on some experiences we had with the eastern agreement. It took quite a few months to get the guidelines for the program in place and agreed to with our federal counterparts, to have the program announced to the farm people and to get the projects under way.

Mr. MacDonald: In short, the pickup is going to be from the federal-provincial agreement?

Mr. Galloway: Right.

Hon. Mr. Henderson: Mr. Chairman, I would like to add a comment or two here. The members who have been around a while know the old agreement ran out at the end of March 1979 and that an election was called at that time. The eastern Ontario agreement was not signed until mid-December 1979.

The municipalities in eastern Ontario were not able to hold up their municipal drainage—they had to go on with it. That was one of the items covered—one third of the cost by the government and one third by the feds.

We got toward the end of January 1979, and there was no money and no approval. The feds said we had signed this in the intervening months and they were just not ready to cover it. By February 1979 I saw I had some money left in my budget under the farm tax rebates. There was \$875,000—and I wish Mr. Boudria was here because about half of it was in his riding. I went down to eastern Ontario in mid-February and I laid down some pretty hard lines to the municipalities. I said, "If you get the applications in to my staff by the end of February, we will pay the federals one third on those drains at that time." I made it quite clear that I still had hopes the

federal government would come through once they got it ironed out. So we paid two thirds and the farmers one third.

In June of that year five provincial members met over in the Sutton Hotel one morning with five federal members and a fellow by the name of Ed Lumley—I don't know if you people have ever heard of him or not. He gave me a real dressing down—very partisan. I just couldn't believe it. In no uncertain terms—

Mr. Stokes: Playing politics like that—gee.

Hon. Mr. Henderson: Yes, partisan—because we gave those farmers that \$875,000. No way was the government of Canada going to pay that; you people in Ontario were. So with that shock in our system we moved pretty cautiously on the northern agreement. We suffered.

Mr. MacDonald: Mind you, the government that was delaying so that you had to pay the one third was a Tory government.

Hon. Mr. Henderson: No.

Mr. MacDonald: Are you sure?

Hon. Mr. Henderson: No. The election was called and the agreement wasn't signed. The Tories signed it the day before they were defeated. We twisted their arms and they did sign it.

But then let me take you a little farther on the northern agreement.

Mr. McGuigan: At least they did something, Lorne.

Hon. Mr. Henderson: Yes. They listened to us.

Let me take you a little farther: That same morning in June 1980, Hon. Mr. DeBane assured us that within we thought five to six weeks they would be ready to sign the \$17.5 million agreement for the north. As you heard, it was March of this year. That four or five weeks ended up as eight or 10 months, so that is what really happened.

Mr. Stokes: It was right after the election was called, as I recall. I think it was signed Timiskaming, wasn't it?

Hon. Mr. Henderson: I am not sure. No, I think I got after Bernier and said we thought should be signed in the north—but Bernier had to go to Ottawa to sign it. Ottawa wouldn't go into the north. We thought it was a northern agreement and we held off a week or two trying to get them to go to the north, and they wouldn't go. It got that bad.

Mr. G. I. Miller: Mr. Chairman, I have one question to put to the committee. It concerns

the Norfolk co-op. They were requesting a meeting before the committee and with the minister. I haven't discussed it with you, Mr. Chairman, but I thought I would bring it to your attention now to see what your and the minister's views might be on it—whether or not it would be useful.

Hon. Mr. Henderson: I would be negative to start with. I would be very glad to meet with them, as you know, but I think it would be unfair to the farmers out there to spend that much time. There are two and a half hours left in the estimates, and you and I know it would take that two and a half hours. I would invite any of you afterwards—

3:30 p.m.

Mr. MacDonald: I would like to put this conflict back into the Liberal caucus but Jim McGuigan has been pleading for two and half hours to discuss marketing. All we have is two and a half hours left and marketing has not yet been touched. I would like to hear the Norfolk co-op but it is not really within the purview of these estimates. The person they have to talk with is Mr. Walker, because the statutes they believe are defective in protecting them come under him. They have an appointment with him.

Hon. Mr. Henderson: Let me clear the air on this for Mr. Miller. I would be very glad to set up a meeting with you and let the committee members know next Thursday night when that meeting will be.

Mr. MacDonald: At some other time.

The Vice-Chairman: They cannot appear in front of this committee during estimates.

Hon. Mr. Henderson: No. I think it would be wrong. But I would be glad to give them an hour, and give you a time next Tuesday night if that would be helpful. I will give you a date and a time. And you are all welcome to attend.

The Vice-Chairman: Can we carry 1903 item before we—

Mr. McGuigan: I have a query on northern. Could we take two minutes? It is a matter of marketing. There has been quite a joke around here for a number of years about it. It is about a terminal in the north. We should clear up the meaning of the word "terminal," which I think confuses a lot of people. The word "terminal"

means it is the end of the line, such as a person having a terminal disease. They were built by the railroads originally.

Hon. Mr. Henderson: You are getting too damned technical.

Mr. McGuigan: I think this is one of the reasons the thing is such a joke.

Mr. Stokes: I was born in one—a great historic one. And I still live there.

Mr. McGuigan: I have been in several terminal markets, the first one over in Detroit. I have been at the old market in Toronto and to Covent Garden in England and I was at a market in China so I do know something about terminal markets. They are largely built to bring in products from a great distance. Our terminal markets were built to bring in products from Florida, Mexico, California and around them grew farmers' markets and some retail markets. I think what the people in the north are really asking for is a farmers' market, a wholesale market—not a terminal market to serve California and Florida but to serve themselves. That is just to correct the terminology.

Hon. Mr. Henderson: Let Mr. Doyle answer you.

Mr. McGuigan: I would like to finish. You said there was no possibility because you have not had people coming to you and wanting to get on the terminal market. Having followed the terminal market—

Hon. Mr. Henderson: No, no.

Mr. McGuigan: I thought you said that. I thought you said there was no interest.

Hon. Mr. Henderson: Not at my level; they have not approached me. But there is a committee out in northern—Mr. Wildman is on that committee. Maybe Mr. Doyle should explain to you what is happening and maybe you will not want a reply then.

Mr. Doyle: This proposal for a terminal market in northern Ontario—indeed there also were proposals for ones in eastern Ontario—have been around for some time. A committee was appointed to look into not only that issue but the whole issue of marketing products in northern Ontario. We are waiting to see the full details of that report.

Mr. McGuigan: I would like to conclude by saying this: Do not expect the wholesalers who have their facilities already established and paid for to come rushing in and saying, "I want to go into a central market." For one thing, they do not want to lose the facilities they have. Also,

they are very jealous of their position in the town and they do not want to be in a central market. That has always been the history of developing these. But once a market is established, these people gradually come flocking in. It happened in New York when they moved the Hunt's Point market. People resisted moving it. But they moved out to some meadow some place. But they are gradually going out there and the thing is being rebuilt.

If you are really serious, you should do a feasibility study, try to get a nucleus of people interested and then take the plunge.

Hon. Mr. Henderson: Isn't that what this committee is doing—just what Jim is suggesting? We don't disagree with you. That committee is doing that and Bud Wildman is a member, is he not?

Mr. Doyle: I am not sure, Minister, who all are members of it but they are all from that area.

Hon. Mr. Henderson: They are. Did you tell me that Wildman was a member?

Mr. Rennie: Yes, for one committee.

Mr. Huff: Mr. Chairman, there is more than one committee as I understand it. There is a steering committee and there is a technical committee looking into it. We can bring the membership of that committee for Tuesday evening, if it is your wish.

Hon. Mr. Henderson: I don't think you want it, do you?

Mr. McGuigan: No. I don't want to take any more of your time. I just want it on the record there are southern members interested in it and northern members and try to do away with a lot of this regional alienation that seems to be around the province. There are people in the south who support them.

Mr. Andrewes: Too bad Jack Stokes isn't here to hear you say that.

Mr. G.I. Miller: Mr. Chairman, there is just one final comment I would like to make. I would like to say thanks to the government for supporting the resolution this afternoon. I think we had a good debate. We had a good discussion tonight on how we might deal with some of the difficult problems of financing our agricultural industry. I would like to say thanks for that.

Hon. Mr. Henderson: I would want you to note that I stayed in for the first three speakers but I went up to my office upstairs. I had a meeting to do with agriculture that I had to attend—and I heard you up there too.

Mr. G. I. Miller: So I take it that all the members of all the parties are concerned with agriculture in Ontario.

Vote 1903 agreed to.

The committee adjourned at 10:38 p.m.

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From the Ministry of Agriculture and Food:

Bennett, A. G., Director, Extension Branch
 Doyle, W. V., Assistant Deputy Minister, Marketing Division
 Galloway, J., Research and Planning, Rural Development Branch
 Huff, M., Executive Assistant to the Minister
 Jewell, R., Executive Director, Finance and Administration Division
 Rennie, J. E., Assistant Deputy Minister, Education and Special Services Division
 Watson, N. D., Director, Rural Development Branch



Ontario, LEGISLATIVE ASSEMBLY

No. R-10

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Agriculture and Food



First Session, Thirty-Second Parliament
Tuesday, October 27, 1981

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday, October 27, 1981

The committee met at 8 p.m. in room No. 228.

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD (concluded)

Hon. Mr. Henderson: Mr. Chairman, at the last sitting of the committee the member for Haldimand-Norfolk (Mr. G. I. Miller) asked about the Norfolk co-op coming in. I suggested at that time that I would set a time outside of these estimates to meet with the Norfolk co-op. That meeting will be held in room number 368 in this building next Tuesday, November 3, at 3:30 p.m. We have notified the co-op, and Mr. Miller is aware. Anyone who wishes to come is quite welcome.

Mr. MacDonald: Sorry. What was the room number?

Hon. Mr. Henderson: Room 368, my office in this building, Don. I have asked Mr. Walker, who will be away that day, to have someone from his ministry attend. I don't know who it will be. So that is set up, Mr. Chairman.

The Acting Chairman (Mr. J. M. Johnson): In the absence of the chairman, I will call the meeting to order. The first speaker is Dr. Smith.

Mr. Smith: Thank you, Mr. Chairman.

The Acting Chairman: Just one minute, please, Dr. Smith.

Mr. MacDonald: On a point of order, Mr. Chairman: We have two and a half hours. I think votes are going to be called at 10:15 p.m., so we may have two and a quarter hours. Is it a sensible proposition to devote an hour and three quarters of that time to completing vote 1904, which is farm marketing and the question of veterinary services, and then maybe half an hour or so to the whole question of research?

Hon. Mr. Henderson: I would be happy to do that. I'm in your hands, Mr. Chairman.

The Acting Chairman: Is the committee in agreement? An hour and a half for vote 1904 and the rest of the time for vote 1905?

Mr. MacDonald: An hour and a half to an hour and three quarters—something like that—for marketing, which will likely be fairly large, and something for research. We don't want to short-change research.

Hon. Mr. Henderson: We would like to get to research. We believe it's important.

Mr. Smith: If I may just carry on. Mr. Chairman, on October 22 the minister said he would bring the original of a certain memo here for us to look at today. The memo is one that was allegedly written by one Mary Smiley, who was here earlier but left rather hurriedly a few moments ago.

We were given a copy of this memo a few days ago. We would like to look at the original, because there are very serious and grave doubts as to whether that memo was written at the time she says it was written and very serious suspicions that the entire matter has been concocted as a form of coverup story. It is very important, therefore, that we see the original of the memo.

The minister's own words were: "There is nothing to hide. We will be glad to bring it next Tuesday night." This is Tuesday night. Will the minister be kind enough to let us look at the original of the memo?

Hon. Mr. Henderson: Mr. Chairman, what the honourable member says is correct. Miss Smiley planned to bring it tonight. The secretary in charge got away early. We have nothing to hide. Miss Smiley told you that the memo did not have a date on it, as you claim it did. We will get the memo tomorrow, but I don't have it tonight. Miss Smiley is again back at the office to see if she can find it.

Mr. Smith: Miss Smiley was here drinking a cup of coffee with the minister, and the minute I walked in the door she left in such a hurry that a few of my colleagues were almost knocked over in the hall. It is a wonder the coffee did not spill on the carpet on the way out.

This is not a funny matter. If Miss Smiley had been sworn, as has been recommended in the recently released report of the Ontario Law Reform Commission concerning witnesses in front of legislative committees, there is a very good chance that she would now be accused of perjury of a very serious nature to protect her boss.

Hon. Mr. Henderson: Mr. Chairman, this member is out of order in this vote and in the statements he is making.

Mr. Smith: I have made a very serious charge here—

Hon. Mr. Henderson: You certainly have, and there is no truth in it.

Mr. Smith:—and I am saying to you, Mr. Chairman—

Hon. Mr. Henderson: I tell you that you are misrepresenting the truth.

Mr. Smith:—that we were promised by the minister in clear words that the original of that memo would be here on Tuesday. Now, that memo is not here; the minister has not kept his word; the coverup continues.

Hon. Mr. Henderson: Mr. Chairman, there is no coverup. That memo will be here. We'll bring the lady back; if she went home, we'll bring her back here by 10 o'clock tonight.

Mr. Smith: By 10 o'clock tonight the memo will be here?

Hon. Mr. Henderson: We'll bring it back if we can get the girl who does the filing in the office at home. Miss Smiley is over trying to get it.

Mr. Smith: I'm sure she is.

Hon. Mr. Henderson: Well, listen: Miss Smiley is a lady, an honest lady. You have tried to make—

Mr. Smith: She was until the time that memo was produced.

Hon. Mr. Henderson: Miss Smiley has been with me for almost six years, and I'm very proud of her. And I'm disappointed in you.

Mr. McNeil: That is a pretty strong allegation.

Mr. Smith: It is a strong allegation, isn't it? Well, why don't you take me on over it?

Hon. Mr. Henderson: Mr. Chairman, this member is out of order. We are in estimates here.

Mr. McNeil: You are just asking for trouble.

Mr. Smith: Why don't you take me on over it? The memo, Mr. Chairman, is exceedingly important.

The Acting Chairman: And the minister made the statement that it would be here by 10 o'clock.

Hon. Mr. Henderson: If we can get hold of—

Mr. Smith: Well, he says "if" and so on. The simple fact is that the memo is not here, as has been promised, and I'm not at all surprised.

Mr. MacDonald: On a point of order, Mr. Chairman: If the memo isn't here by 10 o'clock, there should be some occasion when it can be

presented. But I think the minister, for once, is dead right when he says that this is out of order other than to find out whether it is available. If it isn't available, let's not use our limited time when we wanted to discuss marketing and other issues.

Mr. Smith: On that point of order, Mr. Chairman: I will certainly recognize that the member wishes to discuss marketing and other issues. He will also—

Hon. Mr. Henderson: I expect Mr. Smith to sit here for the evening until we get the memo here.

Mr. Smith: I fully expect to sit here; let me assure you that I will sit here.

I will not stand in the way of Mr. MacDonald or anyone else discussing marketing, because it's a very important matter.

Mr. MacDonald: Your colleague Mr. McGuigan has been wanting to get to that topic for quite some time.

Mr. Smith: I certainly will not stand in the way. Now, just relax. This is a very serious matter.

Mr. MacDonald: We're just wasting more time now.

Mr. Smith: Well, I have one point I want to make so the chairman understands the importance of this; then I will yield the floor to Mr. MacDonald.

Hon. Mr. Henderson: Miss Smiley is not coming back on the stand either, Mr. Chairman.

Mr. Smith: Ah! Now, isn't that interesting?

Hon. Mr. Henderson: Miss Smiley gave evidence openly and freely the other day. She has no intention of coming back, and this minister is not permitting her to come back.

Mr. Smith: Well, now. Here we have an interesting situation. I want the chairman to understand what happened.

Hon. Mr. Henderson: We said we would present you with this—

Mr. Smith: I want the chairman—

Hon. Mr. Henderson: No. He is out of order.

Mr. Smith: I wish the chairman to understand the situation, because he is the chairman. This may be a very historic occasion.

What has happened is—

The Acting Chairman: Dr. Smith, will you just contain yourself for one minute? I was the acting chairman; the chairman has returned. You can address your historic question to him.

Mr. Smith: And you have missed this historic occasion. It's not every day that perjury may be charged in the Legislature of Ontario.

Mr. Chairman: Thanks very much for returning this historic occasion to me, Jack.

Mr. Eaton: Was this in order the whole time we spent on it the other day?

Mr. Smith: Oh, you'd like it to be out of order, wouldn't you, my friend?

Hon. Mr. Henderson: Well, it is out of order.

Mr. Smith: Mr. Chairman, I will simply say one sentence, and then I will let Mr. MacDonald continue.

10 p.m.

Hon. Mr. Henderson: He's out of order, Mr. Chairman, in any sense.

Mr. Smith: If in fact—

Hon. Mr. Henderson: He is out of order, and he has been ruled as such.

Mr. Smith: I have not.

Mr. Eaton: He has been ruled out of order already?

Mr. Smith: I have not been ruled out of order. You know that perfectly well.

Mr. Eaton: I don't know that. I wasn't here. I just want to find out, Stuart.

Mr. Smith: Mr. Chairman, I realize that this is a majority government but it is still the Legislature; it still operates according to rules. I will finish the sentence and allow the members to talk about marketing.

We have been given a solemn promise by the Minister of Agriculture and Food, and he has not kept that promise. The matter that you would understand, Mr. Chairman, since you are going to be the chairman on this occasion, is as follows—

Hon. Mr. Henderson: It is all in the minutes, and I have told you my secretary will bring it.

Mr. Smith: The minister, having told the House repeatedly that his file started only with a letter he wrote to the minister on the Vaughan lands matter, and that he had no other documentation—he said that to the Legislature of Ontario repeatedly. He had his executive assistant come in here the other day—

Hon. Mr. Henderson: Mr. Chairman, I object. He is out of order.

Mr. Smith: —and produce a document which purports to be a memo allegedly written at the time—

Hon. Mr. Henderson: Mr. Chairman, he is out of order.

Interjections.

Hon. Mr. Henderson: I am not going to put up with it, Mr. Chairman. He is out of order.

Mr. Smith: —allegedly written—that's one sentence—allegedly written at the time—

Mr. Chairman: Order. Can we have order for a moment?

Mr. Smith: I am just finishing my sentence. The minister is so frightened he won't even let me finish one sentence.

Hon. Mr. Henderson: The minister is never frightened of anybody like you.

Mr. Smith: Oh, you have your problems now, my friend.

Hon. Mr. Henderson: I have faced men, face to face, but nobody like you.

Mr. Smith: You may face a judge, my friend.

Hon. Mr. Henderson: I am not afraid of all the judgements you want to lay at any place, any time.

Mr. Chairman: Could we have order for a minute?

Mr. Smith: A memo suddenly appeared—

Mr. Chairman: I asked for order.

Mr. Eaton: Obey the chairman!

Mr. Chairman: I asked for order.

Mr. Eaton: The chairman called for order.

Mr. Chairman: Can we not have order?

Mr. Smith: You can have it for a moment, of course.

Mr. Eaton: Oh, for a moment? Does he have to do what you want to do?

An hon. member: You are running the committee, are you?

Mr. Smith: I know what you are running, my friend.

Mr. Chairman: We are on vote 1904, which is marketing—

Mr. Smith: No. We are on an item that has been promised for this Tuesday by the minister himself.

Hon. Mr. Henderson: Mr. Chairman, I have promised that if I can get hold of a secretary we will bring it here.

Mr. Smith: I have simply raised—

Mr. Chairman: Just a second.

Mr. Eaton: You are disobeying the chairman.

Mr. Smith: I have simply raised a promise made by the minister that on Tuesday night there would be an original of this memo, which purports to be a memo that was allegedly written at the time that Mr. McNeil was sent out to look at the Vaughan land.

We have serious reason to believe that the memo was written much later than it allegedly was written. We have serious reason to believe that perjury has been committed here; it would have been perjury if she had been sworn to an oath.

We have very serious reason to believe that, to protect her minister, an executive assistant has been drawn into giving false testimony to the Legislature of Ontario, and we insist that this matter come to public light. This is a very important matter.

To begin with, we want to see the original of that memo, and we will not rest until we see the original of that memo. I want this minister to understand very clearly that this promise is going to have to be kept.

Mr. Chairman: Earlier tonight, Minister, you had said you would bring that; is that correct?

Hon. Mr. Henderson: I explained that Miss Smiley was going to have that in my file for tonight; when she went to get it, Linda, the girl who is in charge of the filing in that area, was gone. We are now trying to get hold of Linda to try to get that letter.

Mr. Smith: There is not a single word of truth in it.

Hon. Mr. Henderson: Mr. Chairman, I take issue with that. I have given you a note here, and he says there is not a word of truth in it. I take issue with that. I ask him to retract that.

Mr. Smith: All right, Mr. Chairman, I say this: Do we agree that, if the memo is not here by 10 p.m., this committee will adjourn at 10 p.m.?

Hon. Mr. Henderson: I already told you that if we can get hold of—

Mr. Smith: Never mind your "ifs"; your "ifs" are worthless. You can get a memo if you want to; you know that.

Hon. Mr. Henderson: The honourable member does not want the truth, Mr. Chairman. Let me repeat what I said. If we can find Morris Huff's secretary—and there is Morris—if we can find her and get the file—I do not do my own filing, and I am sure the Leader of the Opposition doesn't—we will have the memo here.

Mr. MacDonald: Mr. Chairman, on a point of order: I hope this can end. I am not taking sides in the thing. The minister agreed he would bring it; if it isn't here tonight, it should be made available at some other time—when, I don't know, but let us not waste the time we have for completion of these estimates.

Hon. Mr. Henderson: It will be, Mr. Chairman.

Mr. Chairman: I apologize for being late in coming in. As I understand it, the minister has agreed to get it here as soon as he possibly can. I think that is acceptable to the chair and that we should get on with vote 1904

On vote 1904, agricultural marketing program:

Item 1 agreed to.

On item 2, marketing:

Mr. Chairman: Mr. Riddell?

Mr. Riddell: Mr. Chairman, I am going to defer to Mr. McGuigan, who I know has some real concerns about marketing, since he has been an active member on boards and on the Ontario Federation of Agriculture.

Mr. McGuigan: Thank you, Mr. Chairman—

Mr. Smith: I will be back.

Hon. Mr. Henderson: I thought you agreed to stay until it came.

Mr. Smith: I will be here.

Mr. Eaton: You are not interested in marketing.

Hon. Mr. Henderson: It shows that the honourable member doesn't care about the farmers of Ontario. He likes to make insinuations that he knows are not truth.

Mr. Smith: I will be back as soon as you produce that memo, Mr. Minister.

Hon. Mr. Henderson: You said you would stay here. It's easy to see that you run away from the truth.

Mr. Smith: I'll be back to see it.

Hon. Mr. Henderson: You don't really want to know anything about agriculture.

Mr. Eaton: You're not interested in the marketing of farm products.

Mr. McNeil: He's not interested in marketing or in farmers.

Mr. Chairman: Order.

Mr. MacDonald: Now that the grandstanding is over, let's get down to business.

Hon. Mr. Henderson: Yes. Let's get on with the estimates.

Mr. McGuigan: Mr. Chairman, I have a specific concern that I want to bring before the committee. It concerns the Grain Elevator Storage Act. This concern was prompted by the recent bankruptcy of the Tilbury Farmers' Co-operative.

Hon. Mr. Henderson: Wait a minute, Mr. Chairman. That is not under this vote. I am not going to leave this, but we do not have the people here to answer.

Mr. McGuigan: What opportunity will we have other than tonight?

Hon. Mr. Henderson: We'll try to answer you if you want to ask your question.

Mr. McGuigan: I submit that it does come under marketing, as any grower or producer taking his grain to an elevator would certainly consider it as part of the system of marketing.

The concern we have is the lack of real protection in the Grain Elevator Storage Act, which was passed as a result of an earlier bankruptcy in my part of the country. In that case it was alleged that the private operator was using the stored grain as collateral in speculative ventures in the commodity market. There is an old adage that comes to mind: "He who sells what isn't his'n goes to prison."

Because of this bankruptcy, which happened quite a few years ago, this new act set up a system of inspection of the books of grain elevators to make sure that the amount of grain for which storage receipts had been issued was actually in the storage. What happened in the former case was that it was not in storage.

This act ensures that the grain is in storage and has not been sold and therefore is not under speculation. Under a speculative condition, if the market dropped before the owner turned in his storage receipts to convert them to a sale, the elevator operator was ahead; if the price went up, the operator was out of money and perhaps bankrupt.

This new provision created a real problem for the industry. If storage receipts were issued and the grain had to be in the elevator or in any other approved storage elevator—for instance, it could go to the terminal elevator and still be considered in an elevator—the elevator operator had no grain to sell the trade.

The result was that the buyers—the corn starch people, the distillery people and all those concerned with using it, as well as the feed people—had to buy imported grain if they were going to continue their operations. This would have to be done under conditions where farmers

were not selling, which we often find in the fall of the year; a farmer is concerned with getting the crop off, getting it into storage, and he thinks about marketing later on.

To supply grain to the trade, the elevators developed a deferred option sales agreement. Under this, the producer would option his grain to the elevator, and the selling price was deferred to some time in the future. But producers failed to realize that when they signed the option, or had relinquished title, they no longer held a storage receipt. Many of these people felt they held storage receipts, but from that point on they held a sales receipt.

8:20 p.m.

Hon. Mr. Henderson: Are you speaking of one situation in particular, Mr. McGuigan?

Mr. McGuigan: This applies to any of them.

Hon. Mr. Henderson: Oh, you are not picking on one?

Mr. McGuigan: No. It applies to any elevator. When you go on a deferred option, you have in effect sold your grain. It is a legal system but, as soon as you no longer control that grain, you have sold it; and that is what happened. In the event of the bankruptcy of the elevator, these people become ordinary creditors, not preferred creditors. The elevator owed them money for the grain just the same as they might owe for—

Hon. Mr. Henderson: Again, do you have an example of what you are describing?

Mr. McGuigan: Yes. We had this happen at Tilbury.

Hon. Mr. Henderson: Had they actually cashed in on those receipts?

Mr. McGuigan: No. The elevator did not sell grain that was in storage. It sold grain that was on option, which was legal.

Hon. Mr. Henderson: Grain they did not own?

Mr. McGuigan: No. They owned the grain. As soon as the grower or producer signs an option to sell it, title passes to the elevator, and from then on they can do what they want with it. But the problem is that most of these producers still felt that they were protected somehow by the Grain Elevator Storage Act.

Hon. Mr. Henderson: Even though they had agreed to sell it and had the cheques in their hands?

Mr. McGuigan: No. They had no cheques. Payment was deferred.

Hon. Mr. Henderson: Was it an agreement between them and the elevator?

Mr. McGuigan: Yes.

Hon. Mr. Henderson: It was a personal deal, you are saying.

Mr. McGuigan: That's right. There may have been times when the producers did get cheques for portions of the crop, depending on the terms of the deferred option.

Hon. Mr. Henderson: What you are saying is a little different from what we are working on. The farmers go in and cash in on my grain receipts, but I don't take the money; I still leave it on the books.

Mr. McGuigan: You are talking of another deal.

Hon. Mr. Henderson: I am trying to put together what you are saying. Let me repeat what I think you are saying. You are saying that you, as the farmer, have 10,000 bushels of corn stored in the elevator. You went in day one at four o'clock in the afternoon and said, "I want to sell today." Is that right?

Mr. McGuigan: No.

Hon. Mr. Henderson: Okay. Set me straight, because I had the wrong impression.

Mr. McGuigan: You are talking about a straight sale where there would be no question about it. This is a deferred sale. They agree to transfer title, but the price is settled at a later date.

Hon. Mr. Henderson: It's a contract between them. That is not covered under the act.

Mr. McGuigan: That is what I am talking about: it isn't covered.

Hon. Mr. Henderson: It is not covered.

Mr. McGuigan: That's the whole thing.

Mr. Havrot: It's a sale because of the storage receipts.

Hon. Mr. Henderson: That has nothing to do with the storage.

Mr. McGuigan: It's a deficiency.

Hon. Mr. Henderson: That is a matter between you and Mr. MacDonald, where he agrees he will buy this on such and such a day at whatever the price might be that day. Isn't that what you are saying?

Mr. McGuigan: It is a deficiency in the Grain Elevator Storage Act in that a great many producers consider that under that situation they are protected, when in fact they are not protected.

Hon. Mr. Henderson: But that is not storage. He has sold to the mill as of such a date, and the mill is to sell it at whatever the price be that day.

Mr. McGuigan: Whatever the price is on that day.

Hon. Mr. Henderson: It is a straight deal between the farmer and the miller.

Mr. McGuigan: It is not quite as straight as direct sale.

Mr. Havrot: It's not quite that simplistic.

Mr. McGuigan: You would know about that.

Mr. Havrot: Certainly I do.

Mr. McGuigan: Mr. Havrot would know about this. He is dealing in the commodity market every day.

Mr. Havrot: I deal with money every day.

Mr. J. M. Johnson: There isn't anything I doesn't know about money.

Mr. Havrot: If it is anything relating money, I am right on top of it.

Hon. Mr. Henderson: Go ahead, Mr. McGuigan. I am trying to understand it. I think will be disagreeing with you from what understand now, but I want to hear your whole case.

Mr. McGuigan: What I am talking about is not a problem until an elevator goes bankrupt and then it is a problem because those people who mistakenly—perhaps this would be a better way of putting it—thought they had protection under the Grain Elevator Storage Act and did not. This act was brought in following the McLean case many years ago, and people mistakenly assumed from that point on that they were covered and the government was looking after them, but they found out differently.

Mr. Sheppard: They would have no insurance to cover that.

Mr. McGuigan: The real problem is that the act does not stop private elevators from speculating in the market in the first place. It does not stop them from speculating and endangering the goods sold under option.

Let us step back and see how the major companies act. If we could look at a big Toronto-based feed company that owned elevators in Kent or any other county, we would find that they periodically send their auditors to the

local branches. They would look at the position of the branch at the close of the last trading day. I believe corn and soybeans sell in 5,000-bushel lots. They would look at the books to see if the buying and selling accounts were out of balance by more than 2,500 bushels; in other words, half contract. If they were, then the local manager would have a lot of explaining to do, because he would then be in a position of gambling on the market for more than half a contract.

The head office policy is that the branch is to make money on handling a large volume for a small handling charge, not to make or lose money by gambling on the futures market. The managers, if they sell a quantity of grain, say a boatload, must hedge that sale immediately with a purchase on the commodity market. After that transaction, they are protected whichever way the market moves. If the market goes up—and Mr. Havrot can tell us all about this—they have to pay the farmer more for the grain they need to fill the boat, but they can do so because they are going to make money on the edge which would offset the higher buying price. If the market goes down, they have lost on their hedge, but they can offset that loss with lower buying costs to the producers.

That is what happens with the big grain companies. We don't hear of big grain companies going bankrupt because they have been speculating. The smaller companies have no one to police them but themselves. The Grain Elevator Storage Act has fines and imprisonment for the operator who sells stored grain, but there is nothing to stop the manager or operator from taking a flyer on the market, bankrupting the company and endangering the people who have sold on the deferred option market.

In this case, I understand that the buyer, the manager of the company, bought some 400,000 bushels of beans; he paid a premium of 35 cents per bushel and gave them free storage as well. When the sale that he was counting on did not materialize—I understand he was counting on a sale to Japan—he did not have that sale hedge. It was not offset, and they lost approximately \$200,000.

Hon. Mr. Henderson: Are you talking about half a million bushels?

Mr. McGuigan: About 400,000, I think it was.

Hon. Mr. Henderson: Really? Is this part of their trouble?

Mr. McGuigan: This was done prior to—

Hon. Mr. Henderson: Are you understanding is, Mr. MacDonald? This is a pretty important point that is coming out that I was not aware of.

Mr. MacDonald: Apparently either the Grain Elevator Storage Act or the Business Practices Act is deficient.

Hon. Mr. Henderson: But this was not in storage. Mr. McGuigan would like it to be under the Grain Elevator Storage Act, but we don't argue with him when he tells us it is not.

Mr. McGuigan: This was done prior to the bankruptcy and was a major cause of the bankruptcy. It happened two or three years ago, but they could not carry this debt, which was caused by losing \$200,000 in a speculative operation.

It is just human nature that people who are long-term people on the market begin to think they know what is coming; and the more positive they are, the more likely they are to lose. I have gone through that myself in storing my products, which are all fresh produce. Every bushel or bag of produce I store is actually in a speculative position because I have no commodities market to hedge it on.

8:30 p.m.

It was my experience that about the time I decided I really knew the market and was going to make a plunge I lost a bundle of money. Other people were also coming to the same conclusion and the fact they moved that way meant we all went down. It is human nature that a person who has been in the market a long time decides that some day he is going to make a killing. There are too many outside, unexpected events that influence the market such as wars, rumours of wars, natural disasters and so on.

I believe a small or a large elevator is doing exactly the same job as my bank. It is taking in money from one depositor by taking in grain and giving it out to a borrower. The bank is subject to visits by a bank inspector. He can come unannounced at any time. This happens in the case of the large companies. It does not happen in the case of the small companies. People who believe they cannot lose because of the Grain Elevator Storage Act are putting their faith in a false god.

There are two remedies. One would be for the provincial government to broaden the act to prevent speculation. Speculation could be permitted in a co-op company to cover possible losses up to the amount the company held in a reserve fund. A private operator could speculate in his own name and risk the loss of personal property, but not in the name of the elevator company unless the company had reserve funds to cover the possible losses.

The government would have to appoint more than the present three inspectors who police the Grain Elevator Storage Act but they would not need an army of inspectors. Whether a threat or not, it would make most operators obey the law. I concede the lawless ones are going to violate any safeguards you care to put up.

Even if you put an inspector in every office, nothing would stop the operator from phoning a broker with whom he has established credit to place an order that shows only on the broker's books and not on the company's books. You are never going to stop those people, but I believe if you follow this suggestion you would stop most of the people who would then run their companies by the same rules the big grain companies put on their satellite operators. I believe most people would rather see a few tax dollars go to the enforcement of proper trading rules.

There is another remedy, bringing in an act to amend the Farm Products Payments Act which was passed in July 1977 in response to the bankruptcy of Essex Packers. What bothers our party is that we have two pieces of legislation which were brought in as a response to bad situations, but which go only a short way towards correcting them.

This act to amend the Farm Products Payments Act is enabling legislation to be brought into effect by regulations passed by the cabinet. Those have never been passed. It provides a total of \$250,000 to be used by marketing boards to set up funds not exceeding \$25,000 per board initial funding by the provincial government.

The act provides for the terms and conditions of collecting and distributing the funds. To date, apparently there has not been enough interest on the part of marketing boards to ask for the establishment of the funds which would in turn cause the cabinet to pass the necessary regulations. I believe you do have a fund in the case of milk but under this act it has never been put into effect.

I bring this problem to you, Mr. Minister, because a lot of good people have been hurt very badly. It seems to me that, as the guardian of the interests of farmers and producers in this province, a simple amendment to either one of these acts would give the protection that is sorely needed.

I suggest it is needed more today when we are in shaky economic times and when we are liable to see more and more of these situations. It has not happened in the past on a regular basis because of a rising market and a rising econo-

my. It has been possible to have some poor management and still survive, but one cannot survive today with poor management.

Hon. Mr. Henderson: I understand what the honourable member is saying and Mr. W. V. Doyle, assistant deputy minister, marketing division, will respond in a moment or two. I would be very concerned if I signed an agreement of sale with my miller for a personal sale of some type and the Minister of Agriculture and Food or the Legislative Assembly came along and said I did not have the right to do that.

Mr. McGuigan: I am not asking that.

Hon. Mr. Henderson: I know you are not saying that, but deep down that would be the situation. I will let Bill Doyle respond.

Mr. Doyle: As you say, the Grain Elevator Storage Act was designed to cover only grain held in storage and that appeared to be the case you were referring to earlier. The appropriate remedy would be to have a fund established under the Farm Products Payments Act which was an act amended some years ago to extend its terms beyond coverage of milk, which is what had been up to that time.

We have the milk fund established under the act and we will shortly have a bankruptcy fund under it to protect egg producers. The minister had discussions with a number of the board involved in trading in grain and with other people. My memory tells me it was about two years ago. I believe the fund or the act offered \$10,000 as a startup amount of money and standby credit of \$250,000 per fund.

Mr. McGuigan: It is \$25,000 for startup.

Mr. Doyle: It is \$25,000 startup and \$250,000 standby in the event they have not built up sufficient reserves in the fund. I am sure you realize they are not funds the government forces on anyone. The fund is at the wish of the producers and there was not sufficient interest on behalf of the producers.

One thing I recall is at that time they were requesting we cover fraud if such a fund were set up in grain. I have great difficulty seeing how a fund could ever protect against fraud. I am not sure if that was the stumbling block, but I do know the interest died and we have not had an approach from any of the grain boards to establish a fund under the Farm Products Payments Act.

Mr. McGuigan: I would like to respond to that. I am fully aware of what the assistant deputy minister has said, but again it is a case of holding something up to the public: "Here is the

act. All you have to do is come in and use it." I have gone through this discussion on many occasions. What one will always find is that the very strong people, the people who do not worry about their situations, will say, "Why should I pay a premium when it will often protect my competitor?"

In the case of this grain elevator, a competing elevator man was telling me that on this occasion when they were paying 35 cents one of his buyers came to him and said: "We are losing grain. How can we fill our elevators when these people are paying a premium of 35 cents?" My friend said to him: "Let them go ahead. We just cannot meet that. Let them buy them at 35 cents." They got themselves into difficulty.

I know this gentleman, my friend, is going to resist paying a premium to help bail out a foolish competitor. While this act is held up to us, "It is here; let's use it," the political fact is people are not likely to come forward and ask that it be invoked.

The other part of it is that if a bankruptcy occurs in one part of the province it affects only a few people. I think it affects only 70 people in any case—no one else is much interested. So this bad situation is bound to continue.

3:40 p.m.

I mentioned today the Premier coming in one time with the act to pasteurize milk—once I said it was sterilized but it was pasteurized. Every agriculture minister has left some mark on the ministry by the time he left. Bill Stewart brought in crop insurance, which has been a great boon for the province. Bill Newman brought in stabilization; it did not have a far-reaching effect but it broke new ground. But this ministry does nothing but housekeep and it seems to me it does a pretty poor job of that. I would suggest that—

Hon. Mr. Henderson: That is not true, Mr. McGuigan.

Mr. McGuigan: It is in this case.

Hon. Mr. Henderson: That is not Mr. McGuigan the gentleman we know.

Mr. Boudria: We want Jimmy to be a little bit more aggressive.

Hon. Mr. Henderson: He is talking about staff he is pretty proud to be associated with. I don't think he really means that.

Mr. McGuigan: I found in the election campaign that in spite of my meek and mild manner you have to fight back. People should not mistake that—

Mr. Havrot: The meek shall inherit the earth.

Mr. McGuigan: My meek and mild manner hides a somewhat hard person at times. Anybody who can survive in the industry I have survived in has to have a—

Mr. Boudria: Anybody who can survive being a Liberal—

Mr. Havrot: You have to be tough-skinned for that. You guys are becoming a rare breed.

Mr. McGuigan: I repeat there is an opportunity here for the minister to make a mark and to do something to plug one of the holes in the marketing system in Ontario.

Hon. Mr. Henderson: Mr. Chairman, we will review the comments of the member for Elgin-Kent. I will see what your suggestions are and whether something can be done. I cannot assure you but we will certainly look at the possible answers.

Mr. McGuigan: I think that covers the main points. Perhaps if we have time later I can come back on some other points if the Chairman will permit.

Mr. Chairman: Thank you, Mr. McGuigan. I understand we are to go to 9:30 on this vote.

Mr. MacDonald: When you say this vote does that include veterinary services which is under 1904?

Mr. Chairman: Yes. So I am asking everybody to bear that in mind.

Mr. MacDonald: Mr. Chairman, I will try to be as sharp as possible in view of the shortage of time.

Let me set it in this context: I think the Farm Products Marketing Act in the province gives farmers fairly extensive powers to establish orderly marketing. The free exercise of those powers can go through to pricing and supply management. I, for one, am willing to leave farmers to sweat it out until they come to the conclusion they can and should use those powers.

We now have examples in the hog and particularly the beef industry. Hitherto they have not been willing to; now they are being urged by the federal Minister of Agriculture, the provincial Minister of Agriculture and Food and a growing grassroots movement to exercise some of those powers to establish orderly marketing. I am willing to leave it there.

Hon. Mr. Henderson: Mr. MacDonald, could I interject for a minute? At the summit annual meeting of the hog marketing board it takes a two thirds vote to discuss anything. They had appointed a committee to look into certain

aspects of the question. Of 240 members 160 members were there. A farmer from Peterborough county, a member of their committee, wanted to add to a motion that they investigate the possibility of supply management. I will be darned if it wasn't voted down two to one. This happened last week and it was shocking to me.

Mr. MacDonald: For purposes of this discussion I am willing to leave farmers to do that. That is a voluntary exercise, or denial of the exercise, of a power given to them under the Farm Products Marketing Act. Having set that context, I want to focus on two points in terms of marketing. I want to raise some questions with the minister.

Mr. McKessock: Could I make a little notation towards what the minister just said? I realize what you said yesterday and what you are repeating tonight—apparently one of the hog producers was on television, after they had you on, kind of not agreeing with what you said yesterday. I think what he was saying was that it was maybe taken a little out of context of what that vote was on. They did not want to vote on supply management to give that committee powers until they had completed the report they set out to do.

Hon. Mr. Henderson: I will let Mr. Doyle explain to you. I think it is important.

Mr. McKessock: And maybe Mr. Eaton, if he is on the pork board—

Hon. Mr. Henderson: Mr. Eaton knows what happened too. Let Mr. Doyle explain to you what happened last week.

Mr. McKessock: Somebody on the pork board is disagreeing with what you said. I am trying to get that cleared up.

Hon. Mr. Henderson: Let Mr. Doyle cut in.

Mr. Doyle: Mr. Chairman, the committee is looking at various alternative ways of marketing hogs. Included in that is a look at a supply management situation. The chairman of the committee was reporting to the semi-annual meeting as to what they would include in their consideration. They have a rule that any motion to be considered at that meeting—or perhaps at their annual meeting, I do not know—requires two thirds of the delegates present to vote in favour of it before they even consider it.

So one of the delegates proposed that the terms of reference of the committee would include—I can't remember the precise words—but they were to the effect that they would construct a working model. I think this is

because when supply management is suggested it asks more questions than it answers. What sort of qualifying period, what size of—you have to define what you mean by it so people understand it. I think the motion was designed to suggest that the committee establish some sort of model so that farmers could see what it was all about.

Mr. McKessock: They are coming forth with the report right now.

Mr. Doyle: Yes, but this motion would have had the effect of ensuring that the committee, in its consideration of supply management as an alternative, would include some sort of working model. They held a vote on whether to consider that motion. It was defeated something like 80 to 20.

Mr. McKessock: But they wanted them to complete the job they had set out to do first, before they considered anything else. Was that not the gist of it?

Mr. Doyle: The committee will include supply management as one of the options it will consider, but the delegates there did not want included in that a specific working model of what a supply management system would look like. I don't know what the committee will come up with, but it is obvious that the delegates did not want this specific working model included.

Mr. McKessock: At this time.

Hon. Mr. Henderson: We don't know. It was voted out last week. That is all they said, which was shocking to me, to be honest.

Mr. Eaton: Mr. Chairman, on the subject of supply management in the hog business right now, I would expect that if it went to a vote in this province for a marketing plan today it would probably be defeated. I think there are two major reasons. First of all, a lot of producers came into production in the last three or four years, and producers who have been in production for a long period of time have a great resentment at the fact that those producers might suddenly get a quota equal or near, depending on the size of the operations, to what the producers who have been in 15 or 20 years would get.

The other major problem that comes up is the subsidizing of other provinces or comparing subsidies in other provinces on what is going on in the hog business, the cattle business or anything else. If you look at the Quebec situation right now, Quebec has increased its

hog production dramatically over the last three or four years because of subsidies from the Quebec government.

5:50 p.m.

If you look back at the history of some of the marketing plans, when people thought marketing plans were coming into effect, the egg production in Quebec went up, and the industrial milk production in Quebec went up. There is resentment among our producers that if at the present time some sort of national marketing quota were brought into effect suddenly the Quebec producers would have a share far beyond what they have produced over a period of even the last 10 years, because of the situation in Quebec of subsidization by the government. I think that is something we have to be very careful of in Ontario. There are people even on this committee who have promoted more subsidies from Ontario for various production facilities, whether it be the hog or beef industry or any other. That kind of competition has created a situation where our producers, I think, are carrying a bit of resentment today that suddenly somebody is going to step in and take a large share of a market because they got a subsidy from a government.

Mr. Boudria: It could get worse every day.

Mr. Eaton: It could well get worse, but the question is, in Ontario we have a competitive advantage. With our production of corn we can feed the hogs, and with more economic production in this area at the present time, we can compete with them. The question is how long can the Quebec government go on subsidizing any of these industries?

Before people go out seriously promoting a marketing plan for hogs that involves some sort of production control, they had better take a serious look at the impacts and what sort of effect that is going to have on our share of the market for Ontario. I think we as hog producers in this province can compete very effectively with hog producers in any other province in this country. The only way they are going to compete successfully is with some subsidy from their government. Before you start promoting a hog plan immediately, Bob, you have to take a very serious look at it, and our board has to take a very serious look at that too.

Mr. Riddell: Mr. Chairman, I submit rather than resentment of other provinces' subsidies, there is resentment of the lack of subsidies from this government.

Hon. Mr. Henderson: Mr. Chairman, my deputy would like to say a few words in response. Some time I might like to get back too.

Mr. Allan: Bob, I would like to respond, because you raise that fundamental issue of a workable supply management plan, what it means to Ontario producers and how they would fit into a national market. It is not even a national market, to be very frank. Quebec pumps a lot of hogs into the US—an awful lot. We went down and had a little discussion with the Quebec officials to trade some information and discuss some realities. I hope that will lead to something that makes more sense and that we can present to Mr. Whelan and his officials concerning a better plan for producers in Canada, Ontario producers included, stabilization and so on.

I can assure you right now, from my perspective on that meeting, Quebec feels reasonably confident it does not want to put any more money into this thing. If a bunch of Ontario producers think they are going to have a supply management plan on the basis of this province they are dreaming. That is a very simple perspective, and they are dreaming.

Mr. Eaton: A lot of producers agree with you on that.

Mr. Allan: What we are looking at here is a beef and hog international operation. It cannot be done in isolation and we cannot solve these problems by putting picket fences up around Ontario or around Quebec. These are big markets. We have efficient Quebec producers who have built up a very major stake in this. They are the biggest in this industry. We have some competitive advantages—

Mr. Eaton: But they built up their stake on government subsidy over the last three years.

Mr. Allan: Yes, it has cost a lot. They have a deliberate strategy to do their thing but it is starting to cost a lot of money and they would like to see, I am quite sure, some rationality and common sense come into this thing. We are not all in the business of winding each other up. A supply management plan to run as a basis for a new national quota "ain't in the cards." If that is the name of the game, I can tell you there is an option for this province that is stupid. That is to wind our guys up, subsidize the hell out of them and get a big stake going in.

Mr. Eaton: I disagree with that.

Mr. Allan: We cannot do that because it is stupid for all Canadians. It is stupid for our hog

producers in the long run. It is stupid for Quebec producers. It is stupid for Canada. If that happens and the Americans cut off that safety valve, which is the exports to the US, we are all going to get beaten up. We are all going to get bloodied and we are going to have a national supply quota plan that depends on import control. As soon as you do that, someone has paid a hell of a lot of money and nobody wins. So we have to be very careful.

There is a more rational situation—let's get a stabilization plan, let's allow some competitive advantage to take place, let's allow some different views in different provinces about where they want to be five years down the way. But to wind a bunch of guys up on a temporary crisis, to think you can put picket fences around your farm and insulate yourself from market conditions, is crazy. All it will do is hurt a lot of Ontario producers.

Mr. Riddell: Who ever suggested it?

Mr. Allan: That is what it is all about.

Mr. Riddell: Who suggested a supply management program on a provincial basis?

Mr. Allan: On a national basis, a bunch of guys who have been at it for three years and at it very strenuously. If you draw the line and say, "You are starting from here," there are a bunch of guys who have had had a three-year running start on you.

Mr. Riddell: I don't understand your picket fence around Ontario.

Mr. Allan: I am saying you have to be damned careful.

Mr. Eaton: Nobody is suggesting a picket fence around Ontario. I did not suggest it. I suggested why our producers today in Ontario would—

Mr. Allan: Nobody suggested it. They know we have to have a competitive hog system that will run and make sense in Canada. We happen to have a very big hog industry in Quebec, largely selling to the US. The day the US in any way shuts that off all those hogs have to be marketed somewhere in this country and our guys are going to get beat up as well as everybody else. Look at the fundamentals. Let's not look at the damned thing as a bunch of parochial idiots.

Mr. Eaton: You are talking about the sales to the US. Are there any more hogs going out of Quebec to the US than there are out of Ontario?

Mr. Allan: Yes, two thirds of the production is exported.

Mr. Eaton: Not two thirds.

Mr. Allan: Two thirds of Quebec production.

Mr. Eaton: Where did you get that figure?

Mr. McGuigan: We don't even grow enough for our own market.

Mr. Allan: Two thirds of the Quebec production basically ends up in the US market.

Mr. Eaton: I take exception to your figure. I would like to see that figure somewhere in writing, because that is not the same figure I have seen—that two thirds of them go from Quebec into the US. Where do you get that figure from?

Mr. Chairman: Maybe we can get it at 10 o'clock. That seems to be when everything is coming tonight.

Mr. Allan: Bob, it is very high, a lot higher than anybody says. I suggest you ask Ag Canada to give you the numbers on the hog trade and you may be shocked. Because this province has barely—

Mr. Eaton: I don't need the figures to be shocked. I want to see those export figures.

Mr. Allan: We will get you the figures. When we get you the figures, then let's look at those realities. We are very dependent on the US market for hogs, whether we like it or not.

Mr. Chairman: Okay, I would like to go back. We might have it at 10 o'clock, Mr. Eaton.

Mr. Eaton: I want some clarification of the two thirds figure because I think that is a lot of malarkey.

Mr. Chairman: The deputy has stated he will get you a table of clarification.

Mr. Allan: We will give you the numbers.

Mr. McKessock: I would like a copy of that as well.

Mr. Allan: You will get the copy. And when you get it, I would like you to respond to the minister about the attitudes and opinions that are presented here against the fundamental economics of what the hell the world is like or—

Mr. Eaton: I don't understand. Are you saying we should have a national plan or something?

Mr. Allan: No, I am saying look at the realities before making quick value judgements about what is possible.

Mr. Eaton: That is what I am trying to look at. The realities are that our producers have two deep resentments out there: First, the producers who have hopped in in the last little while and second, that Quebec production has gone up so high. Those are the two reasons they would vote against supply management. I think that is a reality.

Mr. Allan: I agree with you.

Mr. Riddell: I hope they would.

Mr. Chairman: The one question that seems to be open is that the deputy minister supply the figures. He said he would. I would like to go back to Mr. MacDonald.

Mr. MacDonald: Mr. Chairman, having listened to this, I am going to make a brief comment and then afterwards, if I have provoked anybody, you cut them off, will you? Okay. I am interested in this comment: "Don't send up our boys to produce. If others have done it, let's not be parochial idiots and do the same thing."

Mr. p.m.

I recall 10 years ago we lost our share of the market share quota in milk because we were not producing enough milk. What did this province do? It rounded them up with the industrial milk production incentive program.

Mr. Eaton: That was after we had a marketing plan.

Mr. MacDonald: Are you going to cut them off?

Mr. Chairman: Mr. MacDonald had a good suggestion and I will cut them off.

Mr. Eaton: That was after we had a marketing plan.

Mr. MacDonald: Let us not deplore winding up when we indulged in that one. It appeared to be necessary, at least in milk. Can I go back within the context of marketing and leaving to farmers the decision as to whether they want to get into supply marketing? For better or for worse, they are going to have to make the decision. If they do it too late they will suffer the consequences.

Within that context, I think there are two areas where we can develop marketing and assist in marketing. One is vis-a-vis co-ops and the other is vis-a-vis the food processing industry. I want to speak to that in relation to marketing.

I was a little disturbed, quite frankly, when we had the discussion of Norfolk Co-operative Company. I quote the minister from Hansard: "I find you, and I say it quite openly, I am not

sure that United Co-ops of Ontario is not doing a similar thing to what has happened here under the name of the United Co-ops. You people think back and look at those co-ops that the United Co-ops have taken over."

In other words, the minister was saying that, when an individual was buying up the shares of the Norfolk co-op and trying to take it over, that was the same thing as the United Co-operatives of Ontario has done. With respect, I find that almost outrageous. Certainly, it is a misunderstanding of the situation.

The United Co-ops is the umbrella organization for all the co-ops in the province. If it takes over a co-op which has gotten into difficulty, it does it because they signed a contract and the parent organization, the umbrella organization, assists them to get back into the field.

Mr. McGuigan: By invitation.

Mr. MacDonald: By invitation, right, by the vote of the local people and the people who are taking it over, to use your phraseology, are people who have the same philosophy. They are co-operators.

If one views the United Co-ops as the umbrella organization which is assisting all the local co-ops in this, the question I want to get to is what is the government willing to do to assist the United Co-ops to fulfil that role more completely?

We have the instance of the case down in Essex county where a co-op went bankrupt. We have a case that is in the papers of a co-op that is in trouble in Waterloo county. There is some possibility they may sign a contract with the United Co-operatives of Ontario to assist them to get back on to an operating basis.

But the United Co-ops, like every organization, is really strapped for funds. Has it ever occurred to you, Mr. Minister, that the United Co-ops is an appropriate organization to provide more credit potential to them to be able to do a job in developing marketing for farmers in this province?

Hon. Mr. Henderson: I am fully concerned about the Norfolk co-op or I would not have set up the meeting for next Tuesday.

Mr. MacDonald: Let us not go into the details.

Hon. Mr. Henderson: Let us go into the details of Tilbury Farmers' Co-operative. The United Co-ops came along on a \$1.1 million debt. Let Mr. McGuigan correct me if I am wrong. They said, "We will loan you \$300,000 on a first mortgage." I understood it was

\$250,000 and now you tell me it was \$200,000. It was put into a fund they had taken in from the farmers last summer.

They kept that in a separate fund. They did not put it in. They said to the federal government, "You give us \$300,000 interest-free for five years," and to the provincial government they said, "You give \$300,000 interest free for five years." That was for \$1.1 million. I am not sure whether that is \$1.1 million or \$1.2 million. I am speaking of something I was told about eight months ago.

I kept the province's position open. I think Mr. McGuigan can show you a letter I sent him. I am not sure he can but I expect he can. I pointed out that if the federal government was willing to make this loan we as a province would look at it. But I point out to you that the United Co-operatives of Ontario wanted the \$500,000 or \$600,000 senior government moneys in. They wanted \$250,000 of the farmers' in. They were going to have to dig up another \$50,000 and they were going to put in \$300,000 and have a first mortgage on everything. It did not work.

Mr. MacDonald: Mr. Minister, I do not want to get bogged down in the specific details. I am asking you a general question. The UCO is the umbrella organization for the local co-ops in this province and they have a close working relationship.

Hon. Mr. Henderson: Who is the co-op man here? I was always under the impression they operated under two different acts. My staff tell me they do not think so. Have you looked at it?

Mr. MacDonald: No, I do not pretend to know whether there are two different acts. I seem to have a recollection from a few years ago when we were considering the estimates of the Ministry of Agriculture and Food that there was a co-operative act in which loans were made available. I am informed no loans have been made available for something like five years.

Hon. Mr. Henderson: If you think back eight or 10 years ago, I think we were in this room or the one below us, when we studied a private bill sponsored at that time by John Root, then the member for Wellington-Dufferin, for the United Co-operatives of Ontario which gave it special authority to issue additional shares. There must be other members here who were there for that. Do none of my staff remember that?

Mr. MacDonald: I do not want to get bogged down in the details of it. All I am asking is, is the UCO, as the umbrella organization for the co-operative movement, not an appropriate

body to put funds into, whether by issuing more shares, Board of Industrial Leadership and Development money or you name it, in order that they can assist in the development of marketing?

Hon. Mr. Henderson: I am not disagreeing with you. My staff and I are agreeing fully with you.

Mr. MacDonald: Then it is an appropriate organization for pumping more money in by whatever means.

Hon. Mr. Henderson: Yes, they are agreeing but I still think there was some special legislation for the United Co-ops.

Mr. MacDonald: If there was special legislation and it has not been used for five years, it is obvious it is not effective legislation.

Hon. Mr. Henderson: No, you are talking about the general co-op legislation.

Mr. Allan: If Mr. MacDonald comes in with a specific proposal for A, B, C and D project we have to look at it more sympathetically than any other proposal. We just have not had it. It is as simple as that.

Mr. MacDonald: Then the initiative rests with them.

Mr. Allan: That is exactly where it rests.

Mr. MacDonald: I will underline that portion—

Hon. Mr. Henderson: Mr. MacDonald, I would like you to come in next November 3—

Mr. MacDonald: I will be there.

Hon. Mr. Henderson: —because we will have our legal people and the co-op people there.

Mr. MacDonald: Unless I die in the interval, I will be there.

Hon. Mr. Henderson: If you think it is important we will invite the UCO.

Mr. G. I. Miller: You are not leaving?

Mr. MacDonald: I am not planning to. I am not totally in control of some of those decisions.

Let me move now to the food processing industry. Quite frankly, I am very concerned as to what the devil is happening in this province. I think the government itself has conceded that food processing has seriously deteriorated and therefore, it became one of the main elements in the BILD program for a rebuilding process.

The classic example of what has happened to our food processing industry is what happened when Del Monte bought out Canadian Canner back in the 1950s. At that time there were 37 processing plants. By a so-called procedure of rationalization the 37 processing plants were reduced to 30.

I want to draw to your attention, Mr. Minister, R. J. Reynolds Industries. I thought it was normally only in tobacco but apparently it is now diversifying its portfolio. It bought out Canadian Cannerys. It has bought out Del Monte in this country. It gave an assurance when it came before the Foreign Investment Review Agency that it would not close down any plants for something like two years.

The question has been raised in the House of Commons because the first thing it did was to close down one of the warehouses which services its plants. And the explanation of the federal authorities was that it wasn't in violation of the obligation FIRA had imposed on it.

10 p.m.

The point I'm drawing to your attention is that, just as Del Monte came in and rationalized the industry and destroyed a good deal of our food processing, now R. J. Reynolds has bought out Del Monte and is in the process of doing it all over again. I want to know what role, if any, you have played in the past and what it's going to be in the future in resisting vigorously a so-called rationalization, which means that we close out more of the food processing in this province.

In connection with that, what Board of Industrial Leadership and Development monies, apart from those you have given us in the setting of BILD monies that are now available, are likely to be poured into a rebuilding of this industry? Let me remind you, Mr. Minister, that over 1,300 food processing plants in this province have been closed down in the last 15 or 18 years; over half of those that existed back in the 1960s have gone.

Some of those are small—the individual bread bakeries in every small town across the province and things of that nature—but many of them are big, and the big ones that counted were not going to get back. If you don't have food processing then there is no capacity for marketing other than the fresh market. There is no prospect or incentive for farmers to go out and produce more. So what are you doing with the whole threat that R. J. Reynolds will come in and duplicate the history of Del Monte and destroy the food processing?

Hon. Mr. Henderson: Mr. Chairman, I will let Bill Doyle answer. He is my representative on BILD; he knows how far he can go in telling you what we're doing, so I would ask—

Mr. MacDonald: Are there some secrets? I hope there are no secrets.

Hon. Mr. Henderson: No, Mr. Chairman, we are negotiating with plants every week, and, as you know, we cannot announce them until they are signed by the minister—

Mr. MacDonald: You're negotiating a plant every week, so a year from now there will be 52 more plants?

Hon. Mr. Henderson: I said we're negotiating every week with plants.

Mr. MacDonald: Fifty-two more plants next year?

Hon. Mr. Henderson: No, I didn't say that. We're negotiating every week with plants.

Mr. Doyle: I think the government is on record, Mr. MacDonald, as saying that it's committed to an expansion of the food processing sector.

Mr. MacDonald: Right.

Mr. Riddell: The BILD program.

Mr. Doyle: Yes, indeed. I think it would be wrong to confuse number of plants with expansion of the whole sector. Leaving aside what one feels about largeness and smallness, the cruel reality is that sometimes some of the smaller plants—not all of them, but some of them—have difficulty negotiating shares of the market.

There's another fundamental point that sometimes gets overlooked in this. Before we got into what I would call our marketing strategy one of the major problems we had was the tariff structure, and it was as a result of pressure from Ontario that the federal government renegotiated its whole stance on tariffs from specific tariffs to ad valorem tariffs. That goes back to the final thrust that took place in Geneva in the General Agreement on Tariffs and Trade negotiations. Nothing we could do in the province would have been worth anything if we had not been able to get ad valorem tariffs put on, particularly in the sort of inflationary age we are in.

That was achieved, and we're in what I would call the second phase of that, which includes a whole range of programs ranging from increasing consumer demand to the Foodland Ontario program, to increasing our capacity to store our fresh vegetables in order to broaden that shoulder of the marketing period, to strengthening the processing sector.

When an application comes before FIRA the province is consulted under their rules; where it involves food and agriculture this ministry is consulted, and Mr. Henderson forms part of the process of deciding what Ontario's stance should

be. We are bound by rules of secrecy. It's not a question of trying to hide anything; there is federal legislation that prohibits us from even photocopying material.

On that particular point you referred to, Mr. MacDonald, we were consulted and we were a party to putting in the undertakings that R. J. Reynolds was required to give, which did, indeed, include a commitment not to close the plants.

Mr. MacDonald: Which they then proceeded to do.

Mr. Doyle: We were informed that they intended to close a warehouse, not so much to close the activity down as not to do it themselves. In their internal costing they found that it would be cheaper to contract this out to other people than to do it themselves. You may accept or reject that argument but, quite frankly, from our position within the ministry, Mr. MacDonald, we are more interested in retaining the processing plants, and whether they choose to job out their distribution network or not is of less significance to us than the activity of processing peaches or tomatoes or whatever it happens to be.

On the whole area of processing, as the minister has said, we are continuously negotiating deals. Through many announcements from various members of the government we have offered this program out. Numbers of people have come forward and, as the deputy said on the opening night of estimates I think, the government is prepared to get in bed with those people who have come forward and are prepared to put some money down if it looks as if it is going to result in some good economic activity in the province. Quite a few are being discussed at this moment, and there are a number that we hope will be announced in the near future.

Mr. MacDonald: Is your approach wholly a passive one? Do you respond only to proposals that come to you?

Hon. Mr. Henderson: No.

Mr. MacDonald: To what extent do you take initiative? You see, I was fascinated at the intervention of the deputy the other day when he was talking about what we might do on the tomato paste, and in his inimitable, forthright fashion he said, "Damn it all, I sometimes think maybe the answer is that we have got to have a publicly owned or co-op plant big enough to be able to get into that market and compete with the multinationals."

That's the kind of initiative I suggest may be necessary on the part of this government if you're going to be able to move into the food processing field, because it has been gobbled up by the Del Montes, it has been gobbled by the R. J. Reynolds, and they have been destroying it. I'm not going to get hooked on the business of the number of plants that are closing. But if the number is always going down, whether they are big or small, we are having a smaller food processing industry.

Hon. Mr. Henderson: I think the deputy should respond, Mr. Chairman.

Mr. Allan: I just checked with the minister about whether I should speak or not.

Mr. MacDonald: Do you always get prior permission?

Mr. Allan: Mr. MacDonald, the reason we are concerned, the reason you are right, because it has been going on, is there is rationalization for purposes of being more efficient and there is rationalization that leaves you vulnerable to not being where you should be down the line.

Mr. MacDonald: Right.

Mr. Allan: We have suffered from some of this, unquestionably we have suffered from it, and this province has got to be there to make sure that we have market outlets and value added for our production, that we can stand against any international competition for it. That may take, very frankly, more intervention or more assertiveness—however you want to put it—than we have been willing to take in the past. We are dealing with some big high rollers, very frankly. These guys are not easy to sit down in a room with. We're going to have to do it. We're in that business.

Mr. MacDonald: Okay. What you're saying to me is that your role isn't totally passive.

Mr. Allan: No, it isn't.

Mr. MacDonald: You may take the initiative and intervene.

Mr. Allan: Yes. We're in that business right now. I wouldn't want to predict how it's going to come out or how many bruises may turn out on the government or anybody else, but we are going to try, and that's the business we're in.

Mr. MacDonald: Okay.

Hon. Mr. Henderson: Bill Doyle wants to add a word here.

Mr. Doyle: I'm in the strange position of sitting between the minister and the deputy, so I have to be careful of what I say.

There are more ways of killing a sheep than one. The plants we have already given assistance to, Mr. MacDonald, whether under the employment development fund or BILD, will place in full production—and that would be next year, for example—close to \$5 million worth of products that are currently being imported.

The total import bill is on the order of \$35 million to \$40 million. We will never replace all that. We did a study on it; we had all of the industry involved. Paste isn't paste; some of it comes from Europe. We will never replace that unless the feds give us a bigger break on tariffs, and that's not going to happen very quickly. All we have is 13.5 per cent; we asked for 17 per cent. The Spaniards and the Portuguese subsidize it to such an extent that that's outside the range of import replacement. What is replaceable is what comes in from California, and we reckon that to be about half of what's coming in.

20 p.m.

So we are quite a way already, and there will be discussions this week, actually, with some of the majors as to what we can do to persuade them—or whatever phrase the deputy wants to use—to get into it. So I would say it isn't a question of being passive and sitting back. We've already achieved a fair chunk of what we said was possible. It remains to persuade some of the majors to get into the act, and we have every expectation that this will happen.

Mr. MacDonald: I hope I can be back next year to review what has happened in the interim.

Let me switch to another topic in marketing, Mr. Chairman. The minister quoted some figures in the House on the Ontario Milk Marketing Board, which were—forgive me, Mr. Minister—with respect, a magnificent half-truth.

Hon. Mr. Henderson: Have we got them there?

Mr. MacDonald: I've got them right here. You have some figures from the Ontario Milk Marketing Board on the percentage of the consumer price that was going to the producer. You quoted the figure of 61.8 per cent for whole milk, and you compared that with other provinces like Manitoba and Saskatchewan, both of which were 60, Prince Edward Island, which was only 52, and Nova Scotia, which was only 5.

The point I want to draw to your attention, Mr. Minister, is the other half of the truth, which

you didn't reveal. The other half of the story, which I want to draw to your attention and to the attention of the committee, is that in the last four years, 1978 to 1981 inclusive, Ontario producers' share of the consumer price—I've got it right here—

Hon. Mr. Henderson: Here's the thing it was quoted from right here.

Mr. MacDonald: I've got it right here.

Hon. Mr. Henderson: No, you don't. With all due respect, this is what I quoted from in the House, from the chairman of the Ontario Milk Marketing Board.

Mr. MacDonald: I've got it, too—a copy of the letter.

Hon. Mr. Henderson: No, you don't, with all due respect, Mr. Chairman.

Mr. MacDonald: I have a copy of a letter here that was written by the Ontario Milk Marketing Board.

Hon. Mr. Henderson: Not by the chairman, with all due respect. I saw that letter. I was quoting from a letter from the chairman. The letter Mr. MacDonald has is one that was sent to Mr. Swart by one of the lower officers in the Ontario Milk Marketing Board. I was quoting from the letter I just handed him from the chairman of the board.

Mr. MacDonald: Okay. These figures are accurate, because they are accurate statistics. And this is the only point I want to make: In 1978—

Hon. Mr. Henderson: It wasn't given to him, though, Mr. Chairman.

Mr. MacDonald: Just listen and don't interrupt.

Hon. Mr. Henderson: Mr. Chairman, I want the record set straight. I was not quoting from the figures Mr. MacDonald has.

Mr. MacDonald: Okay. But I am quoting figures that are authoritative figures.

Hon. Mr. Henderson: It's a lower level contradicting the chairman.

Mr. MacDonald: No, it is not. Just listen to what I have to say, and then you might understand what I'm trying to say.

Hon. Mr. Henderson: I've read the letter—

Mr. MacDonald: In the last four years, from 1978 to 1981, the producers' share of the consumer's dollar in Ontario has dropped from 68 cents to 61 cents for whole milk and from 73 cents to 64 cents for two per cent and skim milk. If you go to other provinces like Manitoba, it

has gone up in the same period from 56 to 60. In other words, it's about the same as in Ontario now, but it has gone up consistently in the last four years. In Ontario it has gone down, and that's true all across the board with regard to whole, two per cent and skim milk.

That brings me back to the point my colleague Mel Swart is going at now in the House; namely, that you won't do anything about control of the prices beyond the farm gate, as is done in most other provinces, so that an increasing proportion of the consumers' payment for milk is going to the processing industry and the retailing trade and consistently less in Ontario is going to the producers.

Hon. Mr. Henderson: Mr. Chairman, the quotation I gave in the House is from a letter; Mr. MacDonald has it and I will let him read any part of it. I'm not sure I have one of these famous copies of it. But as he will note there, the proportion I said the farmers got is in that letter: 60 some per cent, I said, at the farm gate.

Mr. MacDonald: Okay. I'm not arguing with that.

Hon. Mr. Henderson: I went on to quote from other countries. I quoted that the Ontario share is as high as that of most parts of the world.

Mr. MacDonald: All I am saying is that in Ontario it has gone down seven or eight per cent in the last four years. Indeed, on two per cent and skim milk it has gone down 10 per cent. In other provinces, it is going up.

Hon. Mr. Henderson: Are they much above Ontario yet?

Mr. MacDonald: No, we are about the same, but if the trend continues they are going to be above Ontario. If it has consistently dropped in Ontario, don't you think you should take that into consideration and perhaps have some measure of control, as the other provinces have, beyond the farm gate on milk prices?

Hon. Mr. Henderson: That is what I was quoting from, Mr. Chairman. If the honourable member went to the maritime provinces he would find that the farmer gets quite a bit smaller portion.

Mr. MacDonald: In some instances, yes. If you go to the western provinces they have been going up until they now match Ontario, because we have come down to 60 or 61 cents.

Hon. Mr. Henderson: But in Ontario the farmer gets as good an average share for the milk as in any part of the world. It is as high or higher.

Mr. MacDonald: In other words, you are refusing to respond to the Ontario Milk Marketing Board or anybody else who is suggesting there should be some measure of public accountability for increases beyond the farm gate?

Hon. Mr. Henderson: I went to the chairman of the Ontario Milk Marketing Board and asked him to do a review of the milk marketing board and that is the letter I got. I trust the milk marketing board and its staff, and I believe they are there for the good of the farmers and the consumers. Manitoba has dropped the price controls at the retail level.

Mr. MacDonald: Briefly and for the time being, but that government may be out in a few weeks.

Hon. Mr. Henderson: That is not the way you hear it.

Mr. MacDonald: I remember Charlie MacNaughton being startled when I told him the government was going to be defeated back in 1969. It may happen again.

Mr. Chairman, are we on the whole vote May I go on to veterinary services and cease now on this vote, or do you want to complete marketing?

Mr. Chairman: I would like to complete marketing, if I can. We certainly have a time problem here. I am subject to the direction of the committee, but by 9:30 we want to complete 1904.

Mr. Riddell: Any reason why veterinary services can't come under the education vote?

Mr. MacDonald: Except it is under 1904.

Mr. Riddell: Then I suggest we complete marketing.

Mr. MacDonald: I don't care where it is. The only point I want to raise is that we have had suggestions from the minister and elsewhere that whatever the problems were in terms of threat to the survival and level of services at the Ontario Veterinary College in Guelph, they have been met. That being the case, I was lulled into a sense of security. Now I am rather startled to receive a letter, dated October 23, from Dr. A. H. Sanderson, president of the Ontario Veterinary Association, in which he says the situation continues to be serious. The situation is this:

"The Ontario Veterinary College is facing grave financial difficulties because it is not treated like teaching hospitals in human medicine. It is the victim of general university cutbacks but relief could be given if the service

ministry, the Ontario Ministry of Agriculture and Food, were to provide funding for Ontario's veterinary college similar to that provided by the Minister of Health to teaching hospitals in human medicine.

"Should the college lose its accreditation because of the deficiencies in staff and equipment, our export market for livestock and livestock products would be in jeopardy. The faculty salaries are now the lowest among the three veterinary colleges in Canada and referral services have already been curtailed." That is a pretty serious, up-to-date outline of the situation. Are you planning to do anything more or have you done all you are going to do but leave them struggling to survive and maintain their standards?

Hon. Mr. Henderson: There is a great deal of action centred around this. Wait a minute, where did Dr. Rennie go?

Dr. Rennie: Right here.

Hon. Mr. Henderson: Oh, sorry, he is right here beside us. He was in my shadow, too close. He was down there a minute ago.

Mr. Riddell: The glare of the lights must be blinding your eyes.

Hon. Mr. Henderson: I will let Dr. Rennie and the deputy both speak to this.

9:00 p.m.

Dr. Rennie: We have been working on that for quite some time and we do have a very concrete proposal before the government on this. The veterinary association knows that. I must say I am a little surprised they would write that letter now, because Dr. McDermid, the director of the veterinary services branch, and I, along with the executive of the veterinary association just a few weeks ago, which is a regular quarterly meeting we have with them, and informed them of where we are on this.

The big thing on this one—and I would like to take a moment, if I might, Mr. Chairman—is that responsibility for the funding of education is with the Ministry of Colleges and Universities, not our ministry, and that ministry has maintained that it is not prepared to change the level of funding per student in veterinary medicine, because the ministry considers it to be in line with human medicine, dentistry, law and so forth.

What we had to do on this one is to look very closely to sort out the expenditures as they relate to the animal hospital part of the Ontario Veterinary College, because that is where there is a difference from the standpoint of human

medicine. There are some 18 teaching hospitals for human medicine in Ontario, but we just have the one for veterinary medicine. We have had to sort out the regular educational costs from costs associated with the referral hospital relative to the veterinary college. That we have now done.

The teaching hospitals for human medicine do receive separate funding through the Ministry of Health. We are satisfied with the figures we have. We are satisfied with what we consider should be done, and the total proposal is now being considered by our minister and his colleagues.

Mr. MacDonald: I don't know why they wrote a letter at this time when presumably they should have known you were wrestling with the problem and were coming up with a solution. The fact is they wrote the letter, so presumably, because of what has happened over recent years, they lost faith that you are really willing to do it until you are bludgeoned into it. They are fearful that standards are going to deteriorate and they will lose their accreditation, if it is not done rather quickly.

I was rather interested earlier—I have forgotten the exact context in which it was said BILD money was now being made available for upgrading of the agricultural college and its staffing, its equipment and things of that nature, and that part of the problem is in maintaining the standards. Is it possible that BILD money can be used to supplement what goes to all hospitals by way of the Ministry of Health?

Dr. Rennie: I will let the deputy answer the part relative to BILD, and then I will come back on another point, Mr. MacDonald, if I may.

Mr. Allan: Mr. MacDonald, I guess we are trying to win one at a time, if I could put it that way. It is very important that ag tech colleges had a good shot at the kind of thing we like to see, so that they are fully competitive with American colleges. That is the norm we use, frankly—it may not be the norm that people like, but it is the norm we use—American ag tech colleges.

We are in the process of securing some funding and general government commitment that is reflected in BILD for those. We are also preparing the best defensible case. The fact that a bunch of guys get wound up is just like in any constrained funding situation within government. They go to every avenue they can. Sometimes winding people up works for you and sometimes it does not.

The facts always stand over the long run. The

facts presenting themselves are that we are losing skilled staff—our guys are being bled off to Saskatchewan and Iowa—and we have to put more money in. It is the oldest vet college in North America. It will be there and it will be funded, and if we have to bleed money out of any other part of the ministry for the balance of this fiscal year within the estimates you are considering, that is going to happen. That is an internal decision within the purview of the votes you are considering.

We are really concerned about where we are going to be down the line, what is reasonable, what is rational and what is in balance, given Colleges and Universities. We had Don Forster and all of his deans in to see us and they made their case. They made the vet case as a specific example. It is pretty important that if you want to pay a bunch of guys in vet services more money than somebody else, one way or another you still have the university and you still have that academic collegial atmosphere where nobody talks about money—but everybody talks about it one way or another.

We have to be pretty rational about how we do it and we are going to do it. We have to do it within the purview of a bigger university in which the vet college is one part of that university. We have to be able to defend and rationalize it, not only to the Chinese history teacher who isn't a vet, or whatever else they have got at Guelph, but also where we are going in vet services, training of people, the kind of teaching facilities we have got and keeping that core cadre of staff.

The commitment is there. We are working hard to bring it about within the basket of decisions. It is a tradeoff. It has to be done. It is the highest priority we happen to have right now in the ministry—the highest single thing that we are pushing.

Mr. MacDonald: If I interpret what you are saying correctly, you are not going to let the vet college lose its accreditation or lose its standards and you will dig out the funds from somewhere else in your ministry to supplement—

Mr. Allan: If necessary. And if we don't get any more money we are going to do it anyway.

Mr. MacDonald: Okay. I will underline that and send it to them and I hope it allays their concerns so they won't write letters that embarrass you.

Mr. Allan: They are not embarrassing; actually they are interesting.

Mr. McKessock: I am pleased because I have also been contacted by veterinary—

Mr. Chairman: It is 9:30 p.m. Do you wish to go on to vote 1905?

Mr. Riddell: If this is the game we are going to play, I would think in the future, Mr. Chairman, that if we are going to set a certain time limit for our votes, then we are going to have to set a time limit for the members to speak. Mr. MacDonald has taken up most of the time on this vote—

Mr. MacDonald: Mr. Chairman, on a point of order: I object. I was given the floor and it was taken over, so I only had 10 or 15 minutes.

Mr. Riddell: I would have liked to pursue marketing in the beef industry with the deputy minister. I would like to have talked about the corn board, a move that was underway a couple of years ago to get a corn board established. I was wondering what progress has been made in that connection.

I wanted to talk a bit about the veterinary college. The response from the deputy minister is the very reason this letter was written. As the minister well knows I raised the issue in the Legislature prior to the summer recess. I got a commitment from the minister that he would not see the loss of accreditation at the veterinary college—that he would see the standards were maintained.

We got that commitment and they have written us a letter now hoping that again would be brought up in the Legislature or committee so we may get the reassurance of the minister that this college will not lose accreditation and that the minister will do everything in his power to see the standards are maintained. There are so many things we would like to discuss on this marketing, but unfortunately some of the members take the bulk of the time.

Hon. Mr. Henderson: Mr. Chairman, I think

Mr. Chairman: Order. In fairness, I think the time that was split—

Mr. McNeil: He just wasted 20 minutes.

Mr. McGuigan: There has been no waste of time.

Mr. Chairman: Order. Just a moment. I think the time was split fairly evenly between the Liberal Party and the NDP. If anybody got cut off it was members of the Conservative Party who had no time at all.

Mr. Riddell: Was there one of them who wanted to speak, Mr. Chairman?

Mr. J. M. Johnson: Mr. Chairman, just before you came in I was acting chairman and at that time Mr. MacDonald proposed that we do without vote 1904 until 9:30 or 9:45 p.m., and at that time to swing to vote 1905. I asked if

committee would concur, including Mr. Riddell. He never questioned it at that time. I find it very difficult to understand why he would listen to it at that time and not—

Mr. Riddell: I was relying on the chairman to exercise a little bit of fairness. Surely everything doesn't have to be done by rules and regulations in the bloody committee. That is what the chairman is for—to exercise a bit of discretion.

Mr. Eaton: He has been more than fair.

Mr. Chairman: Order.

Mr. J. M. Johnson: I think if you figure out the time that has been used by all the members, you will find you have used up more than anybody. 9:40 p.m.

Mr. Chairman: Order. I believe, as I stated, that if anybody got cut off it was probably the conservative members. Mr. Riddell, I went to you first on this question. You deferred to Mr. McGuigan. I think the time was split fairly evenly. On top of that, I did allow you to get your three or four points in when you talked about the time.

Mr. Riddell: I am not getting any answers on the corn board.

Hon. Mr. Henderson: Mr. Chairman—

Mr. Chairman: Mr. Minister, sorry. If there is no time after 1905 and whatever else takes place tonight, I am sure the committee will not object to going back to it.

Mr. G. I. Miller: Mr. Chairman, could I make a point? The acting chairman said 9:45 p.m. and it is only 9:35 p.m. Maybe that 10 minutes—

Mr. Eaton: Ten minutes on marketing—that could be ours.

Mr. G. I. Miller: —could be utilized to give us some answers to the questions asked by my colleague.

Mr. Chairman: My understanding was 9:30 p.m. Am I incorrect?

Mr. Eaton: Between 9:30 and 9:45 p.m.

Mr. MacDonald: I was trying to suggest exhibitory. Marketing is higher than research and we are going to shortchange Dr. Rennie again.

Hon. Mr. Henderson: You suggested there could be a vote at 10:15 and we would try to get it—

Mr. Riddell: If the time is 9:45 to 10:00 p.m., maybe I could get a response from the minister on the corn board.

Mr. Chairman: Is there an objection to 9:45 p.m.?

Mr. Eaton: There is no objection to 9:45 p.m. but there are some things on marketing some of us would like to bring up too.

Mr. MacDonald: Let us not waste time. Let Riddell and Bob go at it.

Mr. Riddell: I will end up with one final point. I trust I will get an answer on the grain board. What is the status and what progress has been made?

The other thing is in connection with the federal program allowing private entrepreneurs to develop a seed and then patent that seed, for lack of a better word. I am wondering about this Sacramento kidney bean. I do not know if Dr. Rennie is still here. The Sacramento kidney bean was a total disaster for the farmers. It was the result of a private company developing and patenting a seed and going out and doing a tremendous job of advertising it to the farmers. It told them, "Here is a seed you have to put in because it is two weeks earlier than anything else." The farmers put it in. They got as little as three, five, seven bushels to the acre. I venture to say it would probably average about nine bushels to the acre.

I know that was a federal program. Is there going to be any input from this government to make darn sure we are not going to have this faulty seed developed and advertised and put into the hands of the farmers to grow a disastrous crop?

Mr. McGuigan: It should be renamed "sacrificial."

Hon. Mr. Henderson: Mr. Chairman, I will ask Bill Doyle to answer the question about the corn board first. It is quite clear what we have done.

Mr. Doyle: Mr. Chairman and Mr. Riddell, you will recall the Ontario Federation of Agriculture brought forward a proposal for a corn board. They turned it over to a committee—

Hon. Mr. Henderson: A committee of the federation.

Mr. Doyle: I do not think it was a committee of the federation, Mr. Minister. It was a committee to promote a corn board, representing those who felt there should be a corn board. That committee had a number of discussions with the farm products marketing board. They have never actually come forward with a proposal for the farm products marketing board to consider. In point of fact, we do not have a proposal before us.

Mr. Allan: The top researcher in Ontario and

I have had a little discussion about the sacrificial kidney bean and agree it is a federal responsibility because neither of us know anything about it.

Mr. Riddell: Are you going to see the farmers sucked in, as they were on that deal? Or are you going to—

Hon. Mr. Henderson: Dr. Rennie will respond.

Dr. Rennie: There are two or three points I could make on that. I do not know much about that particular bean, but one aspect is if farmers want to try something we cannot prevent them. That is one thing. For any new crop that looks good—we may not know much about it but we think it could have potential—then we will put it in our testing system and from that generate our recommendation, as you well know.

For example, at the present time we have some lottery research money in chick peas, which is a big import crop, as you know. We are not prepared, and would not recommend at the present time that farmers grow them because we do not know enough about them yet. We do not know whether they are an economic crop. We know we can grow them in Ontario, but whether or not it is the kind of crop we should push we do not know.

If there is some misrepresentation by companies, we check it out. I have had considerable correspondence on a soil conditioner this past three or four months that was being pushed and our field staff brought it to our attention. It is basically a fraud. We have turned it over to the federal and provincial authorities to check it out. We are not sure yet.

Mr. McGuigan: That has been going on for 40 years.

Dr. Rennie: And they keep coming up all the time—new ones, probably the same product under different names. We have to check them out and see. If any come to our attention like that—and I would ask anybody to bring something like this to our attention—we will check it out pretty fast.

Mr. Riddell: I assume you will be looking into this particular variety of bean and putting into your own test box to see if there has been misrepresentation.

Dr. Rennie: Yes. We surely will.

Mr. Eaton: Are you doing the same thing with that black bean from Mexico that Gene Whelan is promoting so? Are you running any test plots on those?

Dr. Rennie: That is strictly a federal program. Again, that is based out at the Harrow Research

Station. If they want us to try it out on a broader scope we would be pleased to co-operate with them on it.

Mr. Eaton: I would like to have a serious moment on marketing because the marketing department has had some excellent programs in the export area this past year and on the domestic market as well. In fact our Foodland Ontario program has caught on pretty well across the province. In the last year, there have been some safaris to South America and I think into the Asian countries which have perhaps opened up some markets.

I wonder if the minister could comment on what the sales have been to South America and what products have been involved in those sales. Does the minister think there will be some continuation or opening up of that market?

Hon. Mr. Henderson: I'm really—

Mr. McGuigan: You just happened to have the answer to that.

Hon. Mr. Henderson: No, I don't, but I wish I had the file here. I have some letters. Master Feed signed a contract—I should not have mentioned the name there—for 5,000 metric tons of pig feed monthly over the next 12 months. The value of the contract is \$22 million.

Mr. McGuigan: Where is that?

Hon. Mr. Henderson: Venezuela. We received orders for a 500-swine shipment in November and December of 1981 for a value of \$300,000. We have obtained tentative orders for 2,000 metric tons of Ontario soft wheat, 100 metric tons of millet seed, and an inquiry about 2,500 metric tons of mountain barley. We have received an inquiry about 1,000 metric tons of whole milk powder, and an invitation from Banco Nacional de Credito Rural—do not ask me to repeat that—for 1,160 swine.

I have letters from a shipper of cattle who since we came back from Mexico, has sold cattle. This letter is dated October 9. He states: "We wish to give you a brief update and mention appreciation for your assistance in developing export markets in South America and Southeast Asia. It is due to the assistance of your export development staff of such people as Michael Loh, Henry Pauls and Ernst Welmers, and the very important backup staff of Hubert McGuigan and his staff. Canada has the edge over the U.S. because of the never-ending hard work being done in the ROP record of performance program. Please find attached a brief summary of offshore sales handled in 1981 by our company." I would be glad to tell anyone the name of the company.

Here is the file: Chile, \$146,000; Brazil, \$27,000; Venezuela, \$202,000; Australia, \$81,000; New Zealand, 40 animals, they do not say the amount; Singapore, Germany, South Africa, Denmark, Malaysia—I could give you the figures for each one of them but this is one company that has exported \$829,000 worth of pork. It is not the one you are asking about. This is another one situated north of Woodstock. Do we have here the one the member is asking about?

9:50 p.m.

Mr. Eaton: I was not asking about any particular one. I was asking about the trade missions in general and some results we are getting.

Hon. Mr. Henderson: On tobacco, Ron McNeil headed up a delegation and we sold \$8 million worth of Canadian tobacco.

Mr. Eaton: I have a question on the hogs. Was that sales of actual hogs or was that semen sales?

Hon. Mr. Henderson: That was actual hogs. I think you know Jim Wilkinson, who is the operator of that.

Mr. Eaton: Yes, I think I know him.

Hon. Mr. Henderson: Yes, I know you know him. He lives in Oxford county. I had a letter from him—I do not believe I have it here—of the number of sales his company has made. No, that is Jim Donaldson, not Jim Wilkinson. There is another one like that from Jim Wilkinson of the artificial insemination branch. We can give you a listing on it.

On Holstein cattle, 1,000 sold. They have another order for 500 to be delivered right away.

Mr. McNeil: Where was that? Was it in Mexico?

Hon. Mr. Henderson: That was Mexico. They came from Elgin county.

Mr. Eaton: So some of these trade missions have been fairly acceptable and we probably should be a little more aggressive in that field. Are there plans for this coming year to expand some of our trade missions in those countries and open up some of those opportunities?

Hon. Mr. Henderson: We believe they paid off big enough in the last year. It is funny that Bill Doyle and I spent an hour and a half this morning talking about this. We are convinced we should double them next year. We really believe it is paying big dividends for the farmers of Ontario.

Mr. G. I. Miller: Mr. Chairman, could I have

a question? Does the federal government have a program for selling that the provincial government is working in conjunction with?

Mr. Eaton: The federal government is not doing bugger all.

Mr. G. I. Miller: I was just wondering what response we had from the Minister of Agriculture.

Hon. Mr. Henderson: We concentrate ours more than the federal government. Mind you, the federal government is always helpful, but they were not on our trade missions with us.

Mr. Eaton: Maybe one of the problems is there are other provinces which are a little more aggressive in some situations. In Alberta they have more money than we have but it would seem where we have a trade mission once a year they have had two and three a year. I think we should be more aggressive in that field. We should be willing to put the dollars into it because certainly it has returned good dividends in sales that we have been making to those countries. I think we should be more aggressive.

Hon. Mr. Henderson: When we were in South America we were told what Alberta was doing. We just learned the total sales since our trip to Venezuela and Mexico last January amounted to \$4 million in the swine industry alone.

Mr. Chairman: I think we have, by any stretch of the imagination, expended whatever time we had on vote 1904.

Items 2 and 3 agreed to.

Vote 1904 agreed to.

On vote 1905, agricultural education and research program:

Items 1 and 2, inclusive, agreed to.

On item 3, research:

Mr. Riddell: The Centralia College of Agricultural Technology has been going into some crop research work, as Dr. Rennie well knows. I think their work has been going along very nicely. They have been doing some experiments with beans and what have you, but my understanding is, now that they are harvesting these beans and other crops, they do not have any facilities for drying them.

I understand they are loading them up in bags. I think they went out and got some burlap bags from the local feed dealer and they are putting the crop in the bags and trying to dry it that way. If we are to continue with crop research at Centralia, is this government going to fund some proper drying facilities at the college?

Dr. Rennie: Mr. Minister, I will be pleased to answer Mr. Riddell on that question. What he said about putting the crop in bags is absolutely right. I was up there on Friday and spent two or three hours with Mr. Jamieson and his staff looking at both their educational and research programs. They are in the process of developing 10-year plans for education and research. The education one is basically finished and we are looking at the research one as well. We got into it because of the bean and rutabaga concentration in that area, and it is our intent to look hard at it to see what our long-term plan should be and how it should tie in with Guelph and Ridgetown in terms of doing the regional variety testing work and so forth.

The problem there is space, because there is very little land on the old air force base that is suitable, that was not disturbed. They are using about every piece of ground possible now, Jack.

Mr. Riddell: I agree. Is there such a thing, though, as entering into some kind of a contract with the farmers to do some crop research on their land? I think it is important we do crop research in that part of Ontario. It is certainly the main bean producing area, and you mentioned rutabagas.

Dr. Rennie: Yes, very much so. We have about 20 acres and that is it so far as the base is concerned, so we have to do one of several things. One is to buy land reasonably close by or enter into contracts, as you say, with local farmers on a long-term basis, say three to five years—you need that for plot work. Or else we should not get into it at all—that is the other alternative. But because of the concentration of a few of those crops up there, most of us strongly support doing so. So they are looking at those alternatives and assessing them at the present time.

Mr. Riddell: Has there been a fair bit of interest in some of the crop days that they had put on at the college? This would certainly give you some indication as to whether we should continue a crop research program at the college.

Dr. Rennie: Yes, very much so. They have had terrific turnouts on those, Mr. Riddell. This past year we have not pushed the crop research program aspect because Jim O'Toole, in charge of that, has been away on leave finishing off his master's degree. But he is now back full time.

We are increasing the complement. We have made some internal shifts and we will be adding

an additional staff member in the agronomy field crop area very shortly on a permanent basis.

Mr. Stevenson: Mr. Chairman, I wanted to ask Dr. Rennie a question in the biotechnology area. Given the success of the haploidy program and other related things, is there any idea of getting some of the biotechnology money into agriculture in the near future? Where does that set?

Dr. Rennie: The deputy and I, Mr. Chairman, have been discussing this. There is no question in our mind that the answer to that one is definitely yes. The biotech centre, which was announced in BILD, their major push, initially at least, will be in the fermentation area. Although there is research at Guelph which we fund to a small degree in the fermentation area, our thrust has to be in the plant area initially, the animal following along. Because of the strides the researchers have made at Guelph in tissue culture work and so on, yes we are looking at that very definitely at the present time.

10 p.m.

Mr. Stevenson: In the fermentation area is there any hope they might be able to spin off into something like methane production? Or are you primarily looking just at the fermentation of grain sort of thing?

Dr. Rennie: At the present time our work with methane is tied into our swine unit and production of methane from animal waste. I think that could be one of the first areas really, because we have the units, we have a farm scale digester, which is primarily a demonstration type of thing with some flexibility to adjust and modify its operation, but in addition, a larger research unit where we can control many variables.

I would hope that could be one of the first areas, because it is already there in place.

Mr. Riddell: Are you working closely with Phil Durand of Zurich who has put up the ethanol plant? Are you people tied into that project at all?

Dr. Rennie: As a ministry we gave a grant just through our energy resource centre, that is correct.

Mr. Riddell: But it is part of a pilot project and I was wondering whether you people are working very closely with it.

Dr. Rennie: Yes.

Hon. Mr. Henderson: On Wednesday morning—I don't think you were here—it was talked about. Ed Brubaker mentioned it.

Dr. Rennie: He is handling that project.

Hon. Mr. Henderson: The Wednesday morning minutes would show you what is happening in that.

Mr. McGuigan: Mr. Chairman, I had some concerns about education and about the veterinary college. The deputy minister said they could get money from wherever they could get to bring that college up to its proper standards. While we in agriculture certainly want to do that, and we will support it, I do have some misgivings about taking that money from the agricultural budget.

I have some misgivings too about this great BILD program. It is \$750 million, guaranteed by the government, but that is only if you get the other \$750 million from private enterprise. You scrape together appropriations from many parts of the government and you make this sound like a great affair. It looks as if BILD money is going to go to that purpose when it rightfully belongs in Education.

I would suggest it also belongs in Health, because if you look at the role of the veterinary college and the veterinary practitioners they are surpassed only by the medical people. Because of the efforts of veterinarians, we have food that is the safest in the world. It is that way because of the control of parasites and pests of animals all through the meat inspection service, and these people are graduates of that college.

I do not want anybody to take the wrong meaning from my words. I support that agricultural college, but I certainly do question whether the money should come from other agricultural endeavours and from the BILD program. I think some of it should come from Education and some from Health because it is a very vital element of our health care system.

There is a good deal of research done in the veterinary college that applies to human health and Dr. Rennie knows about that. I do not know currently how much they are doing there but in years gone by there was a good deal of research related to cancer, for which the veterinary college received grants from various private foundations and so on. That college plays a big role in health. I suggest it is one of the areas you should look at.

Hon. Mr. Henderson: Mr. Chairman, with all due respect, you do not take money from one budget or another. The Minister of Revenue supplies each ministry with its money through the Treasury and general revenue. When the budget is set up each project is looked at as to how much money it takes to finance it. You can say some should come from Health; it comes out of

the taxpayers of Ontario. You suggest that the BILD program is half; I am not aware of any of them getting half, Mr. McGuigan. It is about a quarter with any I have been involved with.

Mr. McGuigan: I was talking about the overall, the \$1.5 billion. Only \$750 million of that is coming from the government.

Hon. Mr. Henderson: You are talking about the overall program.

Mr. Smith: It being 10:02 and the minister having promised the original of a memo, I would like to see the memo. Would the minister be kind enough to show us the original of the memo which he promised would be here at 10 o'clock. Mr. Chairman?

Mr. Chairman: The difficulty is I think that is out of order at this stage. We have a vote, 1905.

Mr. Smith: Mr. Chairman, on a point of order: I am sorry. The minister made the promise that he would have it here tonight. I asked at the beginning, before we took up the orders to discuss. He said he did not have it here but would have it here at 10. It is now 10:03 and I wish to see the original of this very important memo. All the minister has to do is produce it for me to look at and then you can carry on discussing research and education.

Mr. Chairman: The minister probably agrees with you.

Mr. Smith: Good.

Mr. Chairman: However, I think the minister is out of order as well, in that you are not running the committee and the minister is not running the committee.

Mr. Smith: Don't help him cover that up, Mr. Chairman. You will be very sorry if you do.

Mr. Chairman: We have about 10 minutes, and then we have a 10-minute bell.

Mr. Smith: We were told there would be a memo here to be seen at 10 p.m. Let us not play games, Mr. Chairman. You ruled me out before on the basis that it was going to be produced at 10. I am here again at 10. I want to see the memo. I want the minister to produce the original of that memo.

Mr. Chairman: In fairness, unless the committee wants to interrupt these proceedings to look at the memo now, if the committee—

Mr. Boudria: I thought it was agreed to before.

Mr. Smith: He agreed; the minister agreed.

Mr. Chairman: Just a minute. The minister might have agreed, but the chairman did not agree.

Mr. Smith: Yes you did. I was right here.

Mr. Chairman: The committee agreed to spend the time on vote 1905 at this stage. Whatever the minister wants to do and whatever you want to do is fine if the committee concurs. That is the way I see it.

Mr. Smith: Mr. Chairman, are you going to let him hide this memo again? Are you going to play the same game again?

Hon. Mr. Henderson: I would like to make a short statement if the committee would let me.

Mr. Smith: You wish to show me the memo, do you?

Hon. Mr. Henderson: No, I would like to make a short statement, Mr. Chairman.

Mr. Smith: You will show me the memo will you? Fine, I will hear the minister; then I would like to see the memo he promised for tonight.

Hon. Mr. Henderson: Mr. Chairman, as I told the member earlier, Miss Smiley went to find the memo. We phoned the girl who is in charge of filing. The girl's phone was busy and she lived in North Toronto. You know what a difficult time it is to go to North Toronto in that short length of time.

Mr. Smith: You can do better than that, Lorne. I have heard you weave better stories than that offhand.

Hon. Mr. Henderson: Mr. Chairman, I would ask Mr. Smith if he would—

Mr. Smith: You don't have the memo, in other words, Mr. Minister? You don't have it?

Mr. Eaton: Let him answer, will you.

Mr. Chairman: Mr. Smith, I allowed you to say a few words in here—

Mr. Smith: That is nice of you, Mr. Chairman. You allowed the Leader of the Opposition to say a few words in here. How kind of you.

Mr. Chairman: I thought it was kind when I think it is probably out of order. At the indulgence of the committee, they have heard you. We are also now hearing from the minister. So if you want to hear from him, fine.

Mr. Smith: Does he have the memo or not?

Hon. Mr. Henderson: Mr. Chairman, the actions of the Leader of the Opposition leave me worrying if I handed him that memo. His statements to the press really leave me worrying. But I will give the memo to the secretary of

the committee and I will let him keep it in his hands. I really do not trust it in the hands of the Leader of the Opposition.

As soon as he has had the chance to see this, I want Mr. Riddell back here. I want Mr. Riddell to come back. No, it is important for the next item. I have another document that I want to present and I want Mr. Riddell to be here for that presentation. Do you know, Mr. Smith, where Mr. Riddell is?

Mr. Eaton: He is marking up your memo.

Mr. Smith: I have not touched the memo, Mr. Eaton. Just relax.

10:10 p.m.

Hon. Mr. Henderson: The handwriting specialists—

Mr. Eaton: He is doing a handwriting analysis.

Mr. Chairman: Mr. Minister, Mr. Riddell is not here.

Hon. Mr. Henderson: It is important that Mr. Riddell be here for the next document I want to file with the committee. I am serious, Mr. Chairman. Mr. Riddell has taken off when I should be here representing the farmers, because the next document I want to file involves his credibility.

Mr. J. M. Johnson: He has a press conference, Mr. Minister.

Mr. Smith: Is the minister willing to answer some questions on the original of this memo, Mr. Chairman?

Interjections.

Hon. Mr. Henderson: Mr. Chairman, I want to file another document through the clerk. Last Wednesday, the Leader of the Opposition questioned myself and Miss Smiley for a considerable length of time—and I would ask you to give that document over to the clerk, Mr. Smith. I really do not trust anything in your hands. You have had your chance to see it. I would ask that you return it to the clerk of the committee. You agree that is not a duplicate?

Mr. Smith: Oh, I would agree that is the original.

Hon. Mr. Henderson: Okay.

Mr. Smith: In fact, that is a creative original. Interjections.

Hon. Mr. Henderson: Mr. Chairman, last Wednesday Mr. Smith—

Mr. Smith: Phoney is the word; phoney.

Hon. Mr. Henderson: —had the opportunity to question my staff and myself for quite a length of time about this.

Mr. Smith: Oh, if we are going to discuss this issue, then I have some questions for the minister, Mr. Chairman.

Hon. Mr. Henderson: No, I told you

Mr. Smith: I thought you told me that we were not going to discuss this issue.

Hon. Mr. Henderson: I have another document I want to file but I want to explain it first, Mr. Chairman.

Mr. Smith: Are we going to discuss this issue or not, Mr. Chairman? Because if so I wish to ask the minister some questions.

Mr. Eaton: On a point of order, Mr. Chairman: I think we are on another vote.

Hon. Mr. Henderson: No, this is important that I complete. I have another document—

Mr. Smith: It is important that I complete my questioning of the minister.

Hon. Mr. Henderson: You can question me then after all the discussions.

Mr. Chairman: No, just a moment, Mr. Minister, I am sorry. Unless the committee directs me otherwise, Mr. Smith asked for the document. I assume the committee agreed that you could table it. I would assume the committee, unless I hear otherwise, might let you table that document.

Hon. Mr. Henderson: I would like to—

Mr. Chairman: And then any discussion must go on to vote 1905.

Hon. Mr. Henderson: Will the committee let me file this other document?
interjections.

Hon. Mr. Henderson: Last Wednesday night, Mr. Riddell came back in here and was quite happy to my staff and myself—

hon. member: Thursday night.

Hon. Mr. Henderson: Thursday night, and when Mr. Smith returned here today. Thursday afternoon in the House Mr. Riddell sent this letter to me in his handwriting, and I want you to know that it was not dated either. And now I am giving the clerk a copy. Mr. Smith is making a big fuss and here is the man who set out to question me, right on that afternoon he sent it in to me. To me it was a very important letter. He set it over in the House.

I put the date on, Mr. Smith. I think Mr. Riddell would agree that is his handwriting. It was sent to me in the House. I have written the

name of the person. Mr. Smith, just read it to see that it is your man you sent in to do your dirty work.

Mr. Chairman: Okay, Mr. Minister, I think—

Hon. Mr. Henderson: I will gladly answer questions for three minutes on this.

Mr. Chairman: No, I am sorry. No, you will not answer questions because, as I indicated before, neither Mr. Smith nor the minister is running the committee. Now, unless the committee directs me otherwise, I am under the assumption that we are to carry on with vote 1905 and that is the way I intend to proceed unless I am directed otherwise by the committee. So if there is no other direction then, is there any more discussion on research?

Mr. Eaton: Yes. I just would not care to comment on Mr. Smith's ridicule of Mr. Henderson's staff about not dating memos and then to find that his own people don't do the same thing.

Mr. Smith: Is that relative?

Mr. Eaton: I would not comment on that.

Mr. Smith: Don't test me.

Mr. Eaton: No, I won't test you. I want to talk about research in regard to sheep; an industry that has grown rather greatly in this province in the last few years. I wonder just what the ministry might be doing in regard to the sheep program. I know some producers have got into changing the cycle of the sheep industry and sponging programs. I wonder what research the ministry is carrying on in that regard?

Dr. Rennie: Two or three things, Mr. Eaton. Specifically, two major projects at the present time: One is on lamb marketing and that is very active. We have a consulting firm on that and they gave a preliminary report at the sheep seminar at the University of Guelph just this past weekend and it will be finished, I believe, late this year.

The other one was started a year and a half ago now, funded through our Provincial lottery program in conjunction with Agriculture Canada and the United Breeders of Guelph. It is looking at this whole area of heat control, oestrus control, artificial insemination, semen freezing work and so on. That one is progressing extremely well; it has another year to go.

Third, we have expanded our sheep program at New Liskeard. We have put in additional facilities this past summer. It is rather interesting you would ask that question, Mr. Eaton, because I just had lunch today with three

gentlemen, representatives of the sheep association. One of them was on the sheep research committee which reviewed the major recommendations for sheep research in the coming year.

Mr. Eaton: On that review, are you laying out any plans for next year in regard to more research in the sheep field?

Dr. Rennie: That is what they are recommending and it is a case of assessing it. Some of it I am sure we can do, some other recommendations will require facilities and that is going to take longer to put in place, but certainly we are going to look at it very closely.

Mr. Eaton: Could you enlarge on the areas they were recommending, or what you are considering?

Dr. Rennie: One is in the whole disease area.

Hon. Mr. Henderson: Mr. Chairman, I know we are going to be rushing out of here in a minute. The University of Guelph wanted each

committee member to have something. The clerk will see that they are distributed properly. The peanut industry has also asked me to distribute a sample of Ontario-grown peanuts.

Mr. Chairman: Right now, just a minute, we have to get some votes through here. This is the 10-minute bell, I understand, but I think it can be called at any time so the whips, I believe, don't want us down. Shall we vote 1905, items 3 and 4?

Items 3 and 4 agreed to.

Vote 1905 agreed to.

Mr. Chairman: This completes the estimates of the Ministry of Agriculture and Food.

This committee meets tomorrow morning at 10 o'clock on consideration of Bill 7. We will stand adjourned until 10 o'clock tomorrow morning.

The committee adjourned at 10:20 p.m.

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From the Ministry of Agriculture and Food:

Alan, D. M., Deputy Minister
 Lyle, W. V., Assistant Deputy Minister, Marketing
 Fennie, Dr. J. C., Assistant Deputy Minister, Research and Special Services Division



No. R-11

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of the Environment



First Session, Thirty-Second Parliament
Tuesday, December 1, 1981

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday, December 1, 1981

The committee met at 8:11 p.m. in room 0. 228.

ESTIMATES, MINISTRY OF THE ENVIRONMENT

Mr. Chairman: We will call the meeting to order. We are here to start the estimates of the Ministry of the Environment.

Mr. Laughren: do you wish to interrupt the Minister before my opening remarks are complete?

Mr. Laughren: Mr. Chairman, I did not want to interrupt the Minister once he began his opus. I thought it would be appropriate, on a point of order, to move a motion.

Mr. Haggerty: Not to reduce his salary?

Mr. Laughren: No, I would not prejudice the Minister that way.

As the chairman knows, there has been a great deal of unhappiness in the province concerning the actions of the Royal Commission on the Northern Environment. I tried to have the chairman of the royal commission appear before the standing committee on regulations and other statutory instruments which was preparing the estimates of the Ministry of Natural Resources, but was ruled out of order because the Royal Commission on the Northern Environment is under the purview of the Ministry of the Environment. I was directed to move my motion before this committee.

I do not think I need to remind the chairman that someone like Mr. Fahlgren, who is chairman of the commission, should have some advance notice if we are going to expect him to appear before the committee. I believe, and I mean this most sincerely, if I were Mr. Fahlgren I would want to clear the air concerning the controversy about his commission, and I would want a platform such as this to talk about the commission, what they are doing, what their plans are, the kind of reports that have been commissioned and why they have not been released, and so forth.

In northern Ontario, in particular, there is a great deal of puzzlement about the mandate of the commission and the way in which it appears to overlap with the mandate of the strategic land-use program of the Ministry of Natural

Resources—SLUP as we affectionately call it in northern Ontario. Since the mandates are fairly similar, it seems to many of us in the north that either there is fact overlapping or that one of the two is not doing its job, and we do not know which. If I were Mr. Fahlgren I would want to tell people what the royal commission is doing.

With that in mind, I wish to make a motion.

Mr. Chairman: Mr. Laughren moves that Mr. Ed Fahlgren, chairman of the Royal Commission on the Northern Environment, be invited to appear before this committee during these estimates to enable him to share his views of the activities and plans of the commission.

Mr. Kerrio: I can second that motion if it is required. It is not required? Then it should go on the record that I was prepared to second that motion.

Mr. Kennedy: Mr. Chairman, in my experience we have not had witnesses come before a committee dealing with estimates. If so, it was a very rare occasion. Accordingly, I do not see how that fits into dealing with the various items under the estimates which are before us, so I am not in support of the motion. If it is indeed desirable that the gentleman appear before us, I think that could be arranged in some other forum.

Mr. Laughren: Such as?

Mr. Kennedy: Anybody can come when he wants to and talk to the minister and the ministry, but certainly not during the hours allocated to estimates.

Mr. Laughren: The committee decides and schedules who appears before it. Do not talk nonsense.

Mr. Charlton: It is one of the items in these estimates as well.

Mr. Kerrio: Mr. Chairman, the reason I seconded that motion is that this is a very important issue and one we should address ourselves to. We saw the reaction in northern Ontario when we talked about drilling in connection with research relating to low-level nuclear waste and other nuclear waste. This is a very important forum in which we can begin to deal with those very important questions.

I would certainly ask Mr. Fahlgren, and maybe Dr. Chant, to appear before this committee. We are wallowing in indecision with regard to our problems with the environment. When we can bring in people of this stature, we certainly should encourage them to come. I hope all members of the committee would see it that way. We need all the help we can get and this would be a good start. I will not add it to this motion, but I will make a motion to bring Dr. Chant here as well.

Mr. Haggerty: I want to speak on the motion. Under vote 2102, item 7 calls for an expenditure of \$1,622,000 for the Royal Commission on the Northern Environment, so I suggest the motion is in order. Under that particular vote, I think the chairman of the commission should appear before the committee.

My colleague Mr. Kerrio and I were both members of the select committee on Ontario Hydro affairs which dealt with the problem of the disposal of nuclear waste, among other things. It seems likely that a site in northern Ontario will eventually be selected for this purpose. It is a matter of concern to me and to other members that the public should have sufficient input into and knowledge of what is going on.

I receive the different briefs on what the commission is doing in northern Ontario, but I think the members of the Legislature should have an opportunity to question the commissioner in order to find out in what direction the commission is heading and when we can expect a final report.

I support the motion put forward and I suggest we have ample time under vote 2102, item 7, to have the commissioner appear before the committee.

8:20 p.m.

Mr. Charlton: I will be brief, Mr. Chairman, since some of what I wanted to say has already been said. The commission is a part of the estimates we are dealing with here. Since there have been a number of serious questions raised about it and its activities, the appropriate and the only useful and logical way we can see to discuss the dollars and cents which are being assigned to that commission is to be able also to talk to Mr. Fahlgren and discuss with him exactly what the commission is doing with that money. On that basis I support the motion.

Hon. Mr. Norton: Mr. Chairman, it is important that we understand the distinction between the two different parts of the request mentioned

during the course of the comments, namely, the motion, as it is worded, plus some additional observations made by Mr. Kerrio. I might say Mr. Kerrio, that I would have hoped you might already have made the observation in the estimates that we are not wallowing in indecision with respect to the environment these days.

Mr. Kerrio: We need to prove that, but that's another case.

Hon. Mr. Norton: I should have thought that some of the things which have been happening in recent times would have convinced you that there is some very decisive action being taken.

Mr. Kerrio: One small step forward.

Hon. Mr. Norton: Some very major steps, and I am sure you will recognize that. Given your role as a critic, I realize you have to be somewhat restrained in your praise and I will understand it if you are restrained. If you throw over the traces once in a while and go a little further in your praise, I will forgive you.

Coming back to the motion, the concern here about the request relates to the whole issue of the traditional independence of royal commissions. I cannot at this point speak as a knowledgeable individual on that subject. In anticipation that this probably would arise during the course of the estimates, I have sought the advice of the Attorney General, which I understand I will receive tomorrow morning.

Mr. Kerrio: His record is not all that good.

Hon. Mr. Norton: Actually, he has a rather outstanding record. You only have to look at the recent constitutional debate to recognize how good his record is.

We have to think very carefully about such action and make sure we are acting upon sound advice. I can appreciate Mr. Laughren's desire to explore some of the concerns that have been raised in recent months, in the north particularly, and some of the comments that have been made about the activities of the commission, but we ought not to act hastily and in any way appear to be interfering with the independence of a royal commissioner.

Mr. Fahlgren has been given a mandate in very broad terms of reference to make independent recommendations to the government with respect to the north. I think it would be unwise for us to make the decision that has been requested. We might decide to discuss it further. I personally would feel more comfortable if I had the advice of the Attorney General with respect to his views on the question of the royal commissioner being—I guess from

ny the motion is worded it is not question of requiring, but rather of inviting. I think that was the wording of the motion.

Mr. Laughren: If the minister put that in the form of a question, I will answer him. That is the point. This is not asking the committee to have a Speaker's warrant requiring the commissioner to appear before us. It is not even demanding that the commissioner appear before us; rather, it is that the committee issue an invitation.

I was quite serious about it. I was not trying to be funny when I said if I were Mr. Fahlgren I would be anxious to have this platform to talk to the committee and, indeed, to Ontario about some of the problems swirling about the royal commission. There is quite a cloud hanging over the royal commission right now. There have been resignations and all sorts of accusations and charges laid over the activities of the commission.

I think the least the committee can do is to offer Mr. Fahlgren the opportunity to appear before us. If he says, "No, go smoke your pipe," at that point the committee decides if that is what we should do or whether we should take further action. I think it is presumptuous to seek the counsel of the Attorney General when we do not even know whether or not Mr. Fahlgren wants to appear before the committee. He has not even been invited yet.

I would agree with the minister's interpretation if we had invited Mr. Fahlgren and he had said no, and then somebody in the committee had moved a motion to subpoena him or have a Speaker's warrant requiring him to be here. Then I would agree totally with the minister that he should seek the advice of the Attorney General's office, notwithstanding the record there. But given the fact that we are simply issuing an invitation in this motion, I think the minister is making a presumption.

Hon. Mr. Norton: I am not making a presumption at all.

Mr. Laughren: What could be wrong with an invitation?

Hon. Mr. Norton: I was not sufficiently articulate in what I was saying. It is an unusual situation in that we have a royal commission reporting to a ministry other than the Attorney General's. The normal practice has been that royal commissions report to the Attorney General. For that reason I speak from a background as for a ministry that is not accustomed to dealing with this kind of situation.

Mr. Laughren: You keep talking as though it is a subpoena or something. That is not what we are talking about.

Hon. Mr. Norton: I would suggest that whatever we decide to do we might be well advised at least to delay the consideration for a day or so and have the benefit of the advice of the Attorney General.

Mr. Laughren: Do you mean if the Attorney General says no, then you cannot invite the royal commissioner to be before you? Good Lord, it is an invitation. It is very strange, Mr. Chairman.

Hon. Mr. Norton: There is nothing strange about it at all.

Mr. Laughren: There certainly is.

Hon. Mr. Norton: All I am suggesting is that we should be well informed about a situation before we proceed.

Mr. Laughren: In the other committee the excuse used by the minister, Mr. Pope, was that we could take it up in the estimates of the Ministry of the Environment which has an obligation. That was the message we got there. Now you are fobbing it off on the Attorney General, which seems most unreasonable to me.

Hon. Mr. Norton: Seeking advice is not fobbing off.

Mr. Laughren: It certainly is.

Hon. Mr. Norton: Not in my lexicon.

Mr. Laughren: If you had wanted him to appear, you would not even have referred it to the Attorney General. You do not want him to appear. It is as simple as that.

Hon. Mr. Norton: That is a very unfair assumption. I really do not like the innuendo.

Mr. Laughren: That's fine with me. I don't care whether you like it or not.

Hon. Mr. Norton: Because a person happens to prefer to act and to consider matters with the best and fullest advice—

Mr. Laughren: For an invitation.

Hon. Mr. Norton: —he can get, does not mean that he is fobbing off or frigging off or anything else—whatever that means.

Mr. Laughren: Don't tempt me.

Mr. Havrot: I cannot see why we cannot have Mr. Fahlgren, the chairman of the royal commission, here. It comes under vote 2102, item 7,

\$1,622,000. Either you vote with it or against it. We can certainly ask Mr. Fahlgren to be here. I don't see any reason for not having him here.

Mr. Laughren: My good friend Ed Havrot has just spoken.

Mr. Havrot: Never mind the good friend part; you can leave that out. I feel we should have him here. We have \$1,622,000 worth of answering to get from the Royal Commission on the Northern Environment.

Mr. Laughren: Somebody else can answer those questions.

Mr. Riddell: The Tory party is falling apart.

Mr. Havrot: No, we are not falling apart.

Mr. Chairman: Order.

Mr. Havrot: Solidarity forever.

Mr. Gillies: Mr. Chairman, the minister has sought the advice of the Attorney General and he could make the opposite argument to Mr. Laughren, who has now said for the record in Hansard, "Let us get him in here by invitation, and if that does not work, we will issue a Speaker's warrant." We have not yet determined if—

Mr. Laughren: Do not mislead the committee.

Mr. Gillies: I am not misleading anyone.

Mr. Laughren: You are being downright silly. Nobody said that.

Mr. Gillies: You indicated quite clearly in your argument what your fallback position would be.

Mr. Laughren: Nobody said that.

Mr. Gillies: I think the record will show it, Mr. Chairman.

Mr. Laughren: The record will not show any such thing. On a point of privilege, Mr. Chairman, if the member does not withdraw that, then he is misleading the committee.

Mr. Gillies: I think we should look at what the record has to say.

Mr. Laughren: I think you should withdraw your stupid comment. That is what I think you should do.

Mr. Gillies: I could say something about your stupid motion. But the point is—

Mr. Chairman: All right, just a second. The record will say what the record says and you can all read it tomorrow. If you have a comment apart from that, fine.

Mr. Gillies: The point is, Mr. Chairman, that the minister has consulted the Attorney General—

Mr. Kerrio: No, he has not.

Mr. Chairman: The record will say what the record says and you can all read it tomorrow. If you have a comment on that, other than that fine.

8:30 p.m.

Mr. Gillies: The point is, Mr. Chairman, that the minister has consulted the Attorney General and—

Mr. Kerrio: No, he has not.

Mr. Gillies: Has he or has he not?

Hon. Mr. Norton: I have sought his advice but I have not received it yet.

Mr. Gillies: I am wondering if the prudent course of action might be to table the motion until such time as the minister has the Attorney General's opinion.

Mr. Riddell: Did you know about this motion before?

Hon. Mr. Norton: No, I did not.

Mr. Riddell: How could you seek his advice then?

Hon. Mr. Norton: I can seek his advice any time I like, but I happen also to have ears and eyes and know that the matter had been raised in the estimates of other ministries; so I wanted advice as to what was the proper way to deal with a matter involving a royal commission.

Mr. Laughren: Maybe you can tell us whether or not you would like to see him appear before the committee. Maybe that would solve a lot of problems.

Hon. Mr. Norton: That is not the issue that before us.

Mr. Laughren: You have answered the question.

Mr. Riddell: The realities of March 19.

Mr. Chairman: Is there any further discussion? We have a resolution before us here. Could we confine ourselves to that?

Mr. J. M. Johnson: Would it be in order to move that we table this motion until Thursday night?

Mr. Chairman: I think it would be in order. I do not know whether it would be unanimous agreement or not. I suspect that it is probably order.

Mr. Laughren: To be fair, if we are going to have Mr. Fahlgren appear before the committee, first, we have to give him adequate notice. Secondly, surely there are some members who will want him to appear before the committee on the appropriate vote. That does not both

ie, but I am sure there are members of the committee whom it would bother. I think it is the second vote. To be fair and courteous, if the invitation goes forth, there must be adequate notice to Mr. Fahlgren.

Mr. Riddell: Let us have the vote.

Mr. Chairman: I do not understand. Are you voting that?

Mr. J. M. Johnson: Yes.

Mr. Chairman: Mr. Johnson moves that we table Mr. Laughren's motion until Thursday night.

Mr. J. M. Johnson: If we agreed that it could be the first item of business on Thursday night, could it not resolve some of the problems we are facing now?

Mr. Chairman: Is there any further discussion of that? Are you ready to vote?

Mr. Riddell: Now you have two motions on the floor.

Mr. Chairman: No. I have a motion to table this motion until Thursday night. Does everybody understand? All in favour of tabling until Thursday night? Opposed?

Motion agreed to.

Mr. Chairman: We will carry that motion forward then until Thursday evening.

Mr. Kerrio: Mr. Chairman, as long as we are dealing with those areas, do I understand now that the minister is going to ask permission of the Attorney General, or ask him whether it is appropriate to invite Mr. Fahlgren here? Is that understood then, or are we going to vote on the motion as to whether we should ask him?

Mr. Chairman: I will bring that motion forward on Thursday evening. By then you should know, Mr. Minister?

Hon. Mr. Norton: I expect I shall have the advice of the Attorney General tomorrow.

Mr. Kerrio: All right. At this time I should like to move that at the appropriate time—we will right as well talk about the vote that it is in, which would be the final vote. On vote 2104, the waste management program, would it then be appropriate to have Dr. Chant here to discuss his involvement in this program?

Hon. Mr. Norton: May I just say I do not think it is necessary to make a motion. I can tell you that both Dr. Chant and Mr. Smith, the chairman of the Environmental Assessment Board, are ready and will be available if the committee wishes to have them present at any point during

the appropriate parts of the estimates. Their relationship, as you will understand, is quite different from that of a royal commission.

Mr. Kerrio: Well, 500 is not bad.

Hon. Mr. Norton: That is 750 because I just threw in an extra one. No, that is not 750; it is 66 2/3.

Mr. Chairman: Are there any further comments before we carry on or any other unusual requests? That is not a fair word. If that is all you wish to bring before us procedurally, I would ask the minister if he would like to comment on his estimates.

Hon. Mr. Norton: At the outset, members of the committee, I would like to indicate that we have only today received the printed annual report of the ministry for 1980-81. It is my intention to table that in the Legislature on Thursday, at which time we will make sure all the members receive copies.

Perhaps now, for a few moments, I could deal with the presentation of the 1981-82 estimates for the Ministry of the Environment. An information book on these estimates, which explains each of the activities you will be reviewing, has been provided to each of you. If any of you do not have it, please let us know and we will make sure you get copies immediately.

This year the ministry proposes expenditures of \$328 million as well as supplementary estimates of approximately \$1 million. Before reviewing our estimates by vote, I would like to discuss some of our major activities in somewhat more detail. Within the past year we have marshalled our resources most effectively to make substantial progress on two of the ministry's most pressing priorities at this time: acid rain and the disposal of liquid and hazardous industrial wastes. In addition, we have maintained a consistent level of progress on a variety of less visible but none the less important issues.

One of our major activities is a comprehensive program to cope with the threat of acidic precipitation. Two years ago the ministry spent just over \$500,000 on this program. In the current fiscal year, our ministry proposes to spend \$7 million on scientific investigation, legal activities and abatement strategies to deal with the long range transport of air pollutants.

Mr. Laughren: It is almost as though you were counting.

Hon. Mr. Norton: We have played our part.

Mr. Laughren: The public has paid its share, I will say that.

Hon. Mr. Norton: So have others paid a great deal.

These activities have raised public awareness to the point that acid rain has become a household word. Virtually every branch in my ministry is involved in the complex research effort required to determine sources, deposition, effects—

Mr. Kerrio: Is that an Ontario patent?

Hon. Mr. Norton: Patent?

Mr. Laughren: It was called pollution until it left Sudbury.

Mr. J. M. Johnson: Mr. Chairman, could you stop this heckling?

Hon. Mr. Norton: It is all right; it all takes up time.

Mr. Laughren: We are very concerned about you, Mr. Johnson.

Hon. Mr. Norton: Do not worry about it; it all takes up time.

Interjections.

Mr. Chairman: Can we have a little control on the heckling, please?

Hon. Mr. Norton: Virtually every branch of the ministry is involved in the complex research effort required to determine sources, deposition, effects, more effective abatement actions and to present our case in the international forum. I will take a few minutes to outline the ministry's activities in this field.

8:40 p.m.

Two networks of monitoring stations were set up in 1980 to measure wet and dry deposition and to identify sources of acid rain. In 1981 these networks were expanded to include 60 locations. These monitoring stations play a vital role in our ongoing research to determine the quantity, acidic concentrations and effects of acid rain, snow and dry particulate matter falling throughout the province.

While the two monitoring networks are complementary, they yield different information. One is designed as a network which samples precipitation and particulate matter on a daily basis. The other is a cumulative network which takes samples on a monthly basis. Both are designed to measure wet and dry deposition. Samples are analysed at our Toronto laboratories using the latest equipment required to detect low levels of airborne contaminants.

Data collected on a daily basis is coupled with relevant meteorological data, such as surface and upper-level weather observations. The necessary meteorological data are obtained by the ministry directly through a computer link with the atmospheric environment service of Envi-

ronment Canada. By combining these deposition data with information derived from ministry studies focused mainly on our most sensitive areas—the Muskoka-Haliburton and Sudbury regions—our scientists are able to extrapolate their findings on lake deterioration rates to the entire province. The monitoring program also identifies the directions from which the pollution comes from numerous North American sources.

We are well aware that the long distance transport of sulphur and nitrogen compounds emitted into the atmosphere is closely related to the acidic precipitation phenomenon. Carried over great distances, these emissions frequently can undergo transformation to acidic compounds which are eventually deposited as rain or snow.

The ministry's air resources branch has developed a mathematical model which is used to estimate total deposition of sulphur throughout the province. The model has been designed to determine the contribution of pollutants to acidity over the sensitive lake areas in Ontario from both Canadian and American sources. Its results have been verified using measured values of sulphur in precipitation obtained from the monitoring networks in both countries.

For several years the ministry has been studying the effects of acidic deposition on aquatic ecosystems. Most of this work is centred at our research facility at Dorset and has received worldwide attention. The results will assist the ministry to determine appropriate abatement programs.

To date, approximately 3,000 lakes throughout the province have been tested for acid sensitivity. The results of this ongoing survey are being reported regularly to the public. Our first survey report was published last May, and an up-to-date summary of acid sensitivity surveys from more than 2,500 of these lakes will be released shortly. This survey is part of the acid precipitation in Ontario study, which is intended to gather background data to determine future trends.

This year the ministry initiated a joint project with the Ministry of Natural Resources to test the feasibility of neutralizing lakes by liming. We firmly believe that reduction of emissions source is the most effective long-range program to protect the environment. However, until the effects of long-term abatement programs take place, this joint program will determine the extent to which sensitive lakes can be protected.

Acidic precipitation also has the potential

cause serious and widespread damage to terrestrial ecosystems in areas where the soils and bedrock cannot buffer or neutralize the acid. Large areas of eastern Canada lack this buffering capability, resulting in detrimental effects to soils and vegetation.

In experiments using simulated acidic precipitation, various adverse effects on soils and vegetation have been observed. In soils, adverse effects include the leaching of metals and minerals which are essential to plant growth and changes in biological activity such as nitrification. Plant yield may be curtailed due to direct damage to vegetation and, indirectly, through changes in the soils. So far, these effects have been largely observed only experimentally. We have not observed direct damage to crops or forests in Ontario under the currently measured rates of acidic precipitation. The circumstantial evidence in other countries, notably Sweden and Germany, suggests that it is only a matter of time before such effects will become apparent.

Last year more than 1,000 soil samples were collected from 100 stations to provide data on background conditions. Vegetation samples were also collected. Repeat surveys and additional samples are being collected on a regular basis so that trends in terrestrial ecosystem changes can be identified.

It is readily apparent from this brief description of effects that many of Ontario's natural resources are at risk or threatened from the known and potential effects of acidic deposition. But what does this mean to the 8.5 million residents of this province? These resources are the basis for a significant portion of Ontario's economy.

Tourism, for example, ranks second only to automobiles and auto parts as this province's major source of foreign exchange. Aquatic-based tourism, which is most vulnerable to the effects of acid rain, generated over \$1 billion in direct and indirect expenditures in 1980 alone. Forestry and agriculture constitute a significant part of gross provincial product. Each of these economic activities generates jobs and income which are important to the province as a whole and represents even greater proportions of the economic base in certain regions. The damage to our waters, soils, forests and wildlife will be felt in economic terms throughout this province if this insidious pollution should persist.

To determine the extent of the potential economic effects, my ministry is undertaking a series of studies. An important objective is to provide procedures for estimating the eco-

nomic consequences of acidic precipitation as new data and more knowledge about the physical effects become available.

Given the pervasive effects of acid deposition and the many uncertainties, work on physical effects is complex. Moreover, different estimating procedures have to be developed for different types of physical effects. For resources where markets exist, such as forestry and agriculture, the methodology is reasonably straightforward. For activities such as sports fishing or the desire for a clean and healthy environment, much of the ministry's work is pioneering. These studies will permit us to determine more clearly what we and others will gain by controlling acid rain, and even more important, what we shall be losing if we do not.

There is ongoing liaison, co-operation and consultation among my ministry, the federal government and our sister provinces on the issue of acid rain. Since the memorandum of intent between Canada and the United States was signed in 1980, this ministry has been a very active participant in the various work groups established to examine the problem and to propose various abatement strategies. The data compiled by these groups will form the basis for negotiation towards a bilateral agreement between the two countries to control long-range transport of air pollutants.

To achieve this goal, both the federal and provincial governments are pooling resources and research findings and reporting on effects, economic impact and abatement costs and strategies. I am proud to say that Ontario is a major contributor to this project.

Since signing the memorandum of intent, several other activities have been undertaken in our efforts to move quickly towards a solution and to maintain momentum. In March the ministry commenced a series of legal initiatives which involved interventions in proceedings before the United States courts and the Environmental Protection Agency. The US Environmental Protection Agency was petitioned by several midwestern states to permit increases in the emission limits of 20 coal-burning power plants.

Most of these states, which are located in the Ohio valley, have been identified as major contributors to the acidic deposition problem in Ontario. In response to its proposal, the ministry was permitted to present its case in Washington in support of New York and Pennsylvania, which also opposed the proposed relaxation in standards. In its submissions on March 12 and

27, Ontario urged the Environmental Protection Agency to disapprove proposed revisions to state implementation plans which would lead to increases in allowable sulphur dioxide emissions.

Noting that several of the plants were already exceeding current limits, Ontario also urged the Environmental Protection Agency to vigorously enforce the existing standards. We urged them to make a break with the traditional approach of considering only local effects and individual sources, and proposed that the EPA evaluate the cumulative effect on Ontario of the revisions and take into account evidence of long-range transport.

8:50 p.m.

In making its case, Ontario relied on rights conferred by accords, and specifically the memorandum of intent, which committed the parties to promote vigorous enforcement of existing laws and regulations in a way which is responsive to the problems of transboundary air pollution. Ontario also relied on general principles of international law established by the decision of the arbitral tribunal in the Trail Smelter case in British Columbia during the 1930s.

Ontario further took the position that section 115 of the US Clean Air Act, dealing with international pollution, had been activated by a ruling on January 16, 1981, by the then administrator of the US Environmental Protection Agency, Douglas Costle. On March 17 the State of Ohio and two power companies in the state commenced proceedings in the United States Court of Appeals for the District of Columbia to set aside the Costle ruling on which Ontario relied in support of its legal position.

Since EPA regarded the Costle ruling as a press release only and without legal status, Ontario moved to intervene to ensure the ruling was not set aside, or its status undermined, in the proceedings. Ontario eventually reached an agreement with the EPA to the effect that the petitions would be dismissed without the court giving reasons. This agreement was opposed by the power companies involved.

On October 9, 1981, in a judgement which took into account Ontario's motions for leave to intervene and the stipulation between Ontario and EPA, the court dismissed all of the petitions on the ground that they sought review of action which is not sufficiently advanced for judicial decision at this time. We therefore achieved our objective in this litigation, which was to pre-

serve the legal status of the Costle ruling, and to ensure that this status was not impaired by those proceedings.

Ontario has also participated in proceedings and hearings under section 126 of the US Clean Air Act, dealing with interstate pollution. Ontario intervened in support of petitions filed by New York and Pennsylvania. As the narrow scope of these hearings did not promote full consideration of long-range transport problems, Ontario petitioned EPA on May 28 to expand the scope of the hearings to consider international transport of pollutants.

At the outset of the hearings, which took place in Washington on June 19, Ontario's petition was refused by EPA. Nevertheless, on that day over a period of several hours Ontario presented scientific evidence through a series of witnesses. At this hearing Ontario urged EPA to reconsider such basic issues as multiple versus single-point sources, long-range as well as short-range transport, the connection between primary and secondary pollutants, and transboundary pollution.

This hearing was a new departure for EPA in that for the first time it addressed the question of aggregate impact from a number of pollution sources. These section 126 proceedings are still before EPA and it is unlikely that a decision will be reached before next year. Finally, on October 7, in Indiana Ontario petitioned the Air Pollution Control Board of the State of Indiana to oppose an increase in sulphur dioxide emissions requested by the Clifty Creek generating station.

In summary, therefore, we have been involved in legal interventions of an unprecedented kind. These actions have allowed us to work together with other affected jurisdictions such as New York and Pennsylvania, and through these activities we have generated important support among the US media and the public.

Unfortunately, EPA considered the state implementation plan relaxations without waiting for the outcome of the interstate proceedings involving, in part, the same sources. In its decision on two plants at Cleveland, made in late July, EPA refused to accept the argument of Ontario, New York and Pennsylvania that long-range transport and modelling should be taken into account in reaching its decision. EPA took the position that in the context of an amendment to a state implementation plan section 115 of the Clean Air Act does not require EPA to consider transboundary air pollution in approving an SO₂ relaxation.

EPA also takes the position that the United States has honoured the intent of the memorandum by controlling its sulphur dioxide emissions to the extent allowed by the provisions of domestic law." By the same token, the relaxation at issue at the state level in the Indiana case was granted to the company concerned. We will continue to take our case to the American people and to the American courts and administrative tribunals if necessary. Ontario is totally committed to winning this fight against acid rain.

In addition to these legal interventions, senior officials of my ministry and myself have appeared before the environmental committee of the United States Senate at hearings held in Albany, New York. We have also appeared before the United States task forces on acid rain and at numerous university and environmental forums in the United States during the past year in order to persuade our American neighbours to look at the broad aspects of the acid rain problem before any decisions are made by the US administration to relax emission levels.

As well as these direct presentations in US forums, my ministry, in co-operation with our Federal Department of External Affairs and Environment Canada, sponsored five onsite briefings on the problem of acid precipitation for influential American groups during the past summer and fall. Two briefings involved Congressional aides from Washington. One was held for representatives of the print media from major US daily newspapers and wire services, one for legislative and senatorial representatives from the states of Illinois, Wisconsin, Minnesota, Ohio, New York and Connecticut and one for the California select committee on acid rain.

Included in the briefings were presentations on Canadian and Ontario programs and policy, scientific evidence on long-range transport from source to receptor, an overflight of the Sudbury area and the endangered region, an information exchange with the local residents in the Muskoka-Haliburton area and technical presentations on water effects, toxicity studies and terrestrial effects. Representatives of Ontario Hydro and industry participated in the discussions and the information exchange, and in several cases our visitors met privately with Hydro and industry staff. We are convinced that all these communication activities have done much to awaken the American public, including the news media and US legislators, to the acute

problem of acid rain and its cumulative damage to our natural environment and resources.

In all of our interventions and appearances at hearings and in our discussions with our United States guests on the tours we conducted, we have made it clear that the environmental problem of acid rain is not a Canada versus the United States issue. Rather, we have stressed that it is a North American problem—in fact, a global phenomenon—which we on this continent can only solve by action to control the sources of emission in both countries.

By this we do not mean that each separate source be dealt with in an across-the-board, uniform way. Our approach is what is called "the bubble concept," by which regions or systems are identified and required to make an overall reduction in emissions in order to bring the total emissions level for that region to an established, acceptable level. The methods of achieving reductions region by region would be left to the appropriate authorities in concert with the operators responsible for the emissions.

Another important point to consider is our support of the use of local resources to provide local, social and economic benefit. We strongly believe, however, that this application of resources should not be allowed to inflict environmental damage on other jurisdictions. This philosophy implies that the long-range transport of pollutants, and not just local impact of emissions, must be considered and that appropriate control and abatement measures be implemented in order to protect both local and distant areas.

9 p.m.

A simple example of our position is our attitude towards the swing in the United States to the increased use of high sulphur coal. We are not saying, "Don't burn high sulphur coal." We are saying that this type of coal can be burned cleanly if various technologies are applied in order to reduce emissions of sulphur dioxide and nitric oxides.

Much as been said and written recently about Ontario's abatement program, giving the impression that Ontario has just reached the threshold of abatement activity. This is not the case. Ontario can point to very substantial reductions in our sulphur dioxide emissions. During the 10-year period from 1970 to 1980, total emissions of sulphur dioxide were reduced in the province by approximately 50 per cent, or from the 1970 levels of approximately 3.8 million tons to 1.86 million tons last year. The Falconbridge

smelter in Sudbury now removes 82 per cent of the sulphur in its ores.

The new control order and regulation on Inco's smelter and iron ore recovery plant in Sudbury requires the company not to exceed an operating level of 803,000 tons per year by 1983. This represents approximately a 70 per cent reduction from historical levels of emissions.

Mr. Laughren: Yes, sure.

Hon. Mr. Norton: Well, it does.

Mr. Laughren: They admitted they could get it down another six per cent. You said, "Oh, no, do not go to that bother."

Hon. Mr. Norton: I am sure we will discuss that later.

Another part of the ministry's Ontario abatement program for Inco and Falconbridge smelting operations in Sudbury has entailed the establishment of an Ontario-Canada task force to investigate all air pollution abatement technology options with the objective of reducing emissions to lowest possible levels. This task force report is expected to be ready sometime next spring.

Ontario Hydro's coal-fired generating stations, which account for the second largest source of sulphur dioxide in the province, are required by regulation to reduce these emissions by 43 per cent by 1990, regardless of electrical demand. Parenthetically, I might note that Hydro's emissions would be nearly doubled today if the current energy from nuclear production were to be produced by coal-fired plants.

The regulations on Inco and Hydro deal with 70 per cent of Ontario's 1980 emissions of sulphur dioxide.

Mr. Laughren: Are you going to store the waste in that shale near Kingston?

Hon. Mr. Norton: You know that is not an appropriate rock structure.

Mr. Laughren: How do you know what is an appropriate rock structure?

Hon. Mr. Norton: If it were, I would say sure, yes.

Mr. Laughren: So if we can prove that it is a good rock structure, you will welcome the nuclear waste to the Kingston area.

Hon. Mr. Norton: Limestone is not an appropriate rock structure.

Mr. Laughren: If it was, or if it is deemed to be, you would welcome it.

Hon. Mr. Norton: Not right in the middle of the city, but there are locations nearby.

Mr. Chairman: Can we debate all that a little later?

Mr. Laughren: I appreciate the candour of the minister.

Hon. Mr. Norton: That is right. One has to be responsible in this world.

Mr. Laughren: I agree. With regard to the rock structure, keep it away from Sudbury.

Hon. Mr. Norton: You have some mine shafts around there that you are not using anymore, have you not? You must have a few.

Mr. Laughren: Do not even hint at that.

Hon. Mr. Norton: It will not be my decision ultimately.

Mr. Laughren: Whose it is then?

Hon. Mr. Norton: Finally, the Atomic Energy Control Board.

Mr. Laughren: Yes, but they have your permission to drill.

Hon. Mr. Norton: To drill? Are you talking about research?

Interjection.

Hon. Mr. Norton: Would you like us to move on? That is the problem. I really did not want to hand this out beforehand because it gets boring when you have to read it. If you listen it can be much more interesting.

Finally, Ontario's newest smelter operated by Texasgulf in Timmins has a sulphuric acid plant which removes over 97 per cent of the sulphur dioxide from the zinc smelter, thus reducing sulphur dioxide emissions to about nine tons per day rather than the 368 tons per day which would otherwise have been emitted. This year Texasgulf has built a new copper smelter with a double contact acid plant designed to reduce sulphur dioxide by more than 99 per cent.

Mr. Laughren: Why can you not do that in Sudbury?

Hon. Mr. Norton: The technology for different processes is different. There is no question about it. These have to be designed for the specific metal and the specific composition of the ore. But these emissions will be four tons a day as against 400 tons without the acid plant.

Mr. Laughren: You keep setting up these straw men and then knocking the hell out of them.

Hon. Mr. Norton: I just want you to know we are doing a good job in Ontario. Some of our

corporate citizens are very responsible. This is the outstanding example of a company which has met Ontario's standards for pollution controls in new manufacturing facilities.

Mr. Laughren: Inco would too if you imposed an order on them.

Mr. Chairman: I can really see the minister's statement taking 15 hours if we want to debate it as we go along. I know the minister does not mind, but I do not think that is really what the committee wants.

Mr. Riddell: This will be another Natural Resources situation when the minister spent the whole two and a half hours on his statement.

Mr. Chairman: In fairness, I bring that up because I am not so sure the minister is taking all the time. I think that is a fair statement.

Mr. Riddell: The minister could ignore the interjections.

Mr. Laughren: I wish he would.

Hon. Mr. Norton: I was always taught I should not speak when others were speaking. That is my good rural Ontario upbringing.

Mr. Riddell: You have the floor, sir.

Hon. Mr. Norton: Thank you. These measures represent major actions by Ontario which will cause a drastic reduction in our contribution to the acid rain problem. It has been made abundantly clear from the beginning that these are first steps which have been taken well in advance of those taken to date by any other jurisdiction. We are currently assessing other significant sources that contribute to acid rain with a view to developing control programs to further reduce emissions.

interjection.

Hon. Mr. Norton: Sometimes the truth is the most difficult thing to believe.

Mr. Haggerty: You fellows never heard of acid rain until the members from the Sudbury basin brought to your attention the dead lakes up there.

Hon. Mr. Norton: We were aware of the dead lakes but not necessarily the cause. We will do our part to meet whatever requirements are established by the international agreement currently under negotiation. We anticipate major efforts will be made by our federal government to generate a similar initiative from our United States neighbours. Without such response we cannot win the fight against acid rain because total abatement in Ontario would not save Ontario's ecosystem.

Since I have just reviewed Ontario's abatement activity with regard to primary nonferrous smelters, let me make a brief reference to the current US situation on smelters. The existing US Clean Air Act, section 119, now requires primary, nonferrous smelters to achieve compliance with US national air quality standards by 1988.

Mr. Haggerty: Has not Reagan removed that? His recommendation is to lower the standards on that.

Hon. Mr. Norton: The Clean Air Act has not yet been amended. It is up for review at the present time.

Mr. Haggerty: He is going to wipe that section right out.

Hon. Mr. Norton: He may not get his way.

Mr. Haggerty: He is a right-winger; he will get his way.

Hon. Mr. Norton: However, it appears that the United States administration would allow smelters that were without controls in 1977 an unlimited number of additional five-year extensions beyond 1988. Such extensions would be granted if the facility would have to close in their absence. I emphasize that if such relaxations were to be allowed, they would be in total disregard of the spirit of the memorandum of intent which our two countries signed last year.

Together Canada and the United States have made a good start in cleaning up the Great Lakes, if I may use a parallel challenge and response. Ontario's contribution has been and continues to be significant. What is needed now is a similar accord with respect to air quality. The federal government can count not only on Ontario's fullest support, but also on its stubborn insistence that we need an effective international agreement as soon as possible.

An increasingly important aspect of the ministry's programs continues to be the improvement of waste management practices, including the recycling and conservation of nonrenewable resources and energy, and the safe disposal of our domestic and industrial wastes. I am sure we all recognize that since the major role in the regulation and supervision of waste management was taken over by the province a decade ago, my ministry's activities and accomplishments in this field have expanded substantially.

9:10 p.m.

Yet despite the gains we have made, we have encountered considerable local objections to some of the proposals for new or interim

facilities which were introduced. We have taken many initiatives, including provincial investment in new and improved technology, searches to find safe disposal sites, and a format for open discussion with those concerned through open houses, public meetings and hearings.

We have achieved some significant milestones in waste management. These include the appointment of the Ontario Waste Management Corporation and a special hearing panel to ensure the environmentally sound development of a state-of-the-art industrial waste treatment and disposal facility; the control of transportation of hauled liquid industrial wastes through a waybill system which permits government monitoring and checking of every load moved for disposal; the successful demonstration in Ontario government offices of an effective fine paper recovery system which can be adapted to any major office complex; the establishment of a provincial funding and technical support system which will encourage municipalities to establish source separation recycling programs to reduce waste now incinerated and landfilled and to recover marketable materials.

These are but a few highlights of our ministry's activities to improve and control the handling of industrial and municipal wastes and to attempt to make our society much more conservator oriented. Let me expand for a few moments on some of these waste management activities. At the outset, however, it is essential to recognize that no matter what advances we make with regard to recovery and reclamation, we will still require sanitary landfill and storage for large quantities of society's wastes for many years to come.

During the past year a number of initiatives have been taken with regard to the safe disposal and storage of liquid industrial wastes. We have fully computerized our waybill system, and we are pleased to find the federal government is adopting a similar system to ours. We now have a very sophisticated on-line program which will provide prompt reporting to serve both regional and head office staff.

After a year of operation, my ministry is now in the process of revising regulations to ensure even greater public safety. Regulations covering the responsibilities of carriers and generators, carrier standards, including driver training and carrier bonding requirements will be forthcoming. To complete the waybill system, a sixth copy of the form will be required which the receiver of waste will return to the generator. In future, we plan to require the registration of all generators of these wastes.

As committee members will recall, my predecessor, Dr. Parrott, announced the government's decision to establish the Ontario Waste Management Corporation in order to develop facilities to meet Ontario's long-term liquid and hazardous industrial waste treatment and disposal needs. With over 60 million gallons of industrial waste generated annually, the need for new facilities is urgent. A well-qualified panel has been appointed to conduct public hearings into any proposal brought forward to the Ontario Waste Management Corporation.

Corporation consultants have now completed sufficient hydrogeological testing to establish that the South Cayuga site, initially proposed for a comprehensive treatment facility, is unsuitable for long-term use.

Mr. Kerrio: We could have saved you the money. Ask Mr. Miller and all the people in South Cayuga.

Hon. Mr. Norton: But not on the basis of the well-informed opinion. The stance you took ultimately was confirmed. It was not because we were a well-informed—

Mr. Kerrio: It was on a flood plain. It was obvious to the rankest amateur. You did not need to hire these hydrogeologists.

Hon. Mr. Norton: The flood plain was not what prevented the matter going through.

Mr. Kerrio: But that was also a big factor.

Hon. Mr. Norton: As I think you now understand, it was the—

Mr. Kerrio: The gas belt.

Hon. Mr. Norton: Yes. But, more significantly, what severely narrowed it down was the discovery of the drumlins.

Mr. Charlton: Some of us have known that were there ever since we were kids. We took it in geography in grade nine.

Hon. Mr. Norton: Did you know they were there?

Mr. Charlton: Sure.

Hon. Mr. Norton: How did you know?

Mr. Charlton: I told you we took it in geography in grade nine. They took us out on a bus trip and showed them to us.

Hon. Mr. Norton: You could not see that because they were buried in clay, for goodness sake.

Mr. Charlton: The ones right on the site may have been buried, but there are enough in the area to indicate the problem.

Hon. Mr. Norton: Those are the ones which created the critical limitations to the site.

Mr. Charlton: I will put you in touch with my grade nine geography teacher.

Hon. Mr. Norton: I will bet he or she did not know they were there either.

Mr. Boudria: He probably works for the Ministry of the Environment now.

Mr. Kerrio: This was really putting all your eggs in one basket.

Hon. Mr. Norton: It did not take long, did it? Two months.

Mr. Kerrio: If we had been looking for alternative sites, we would have a place now.

Hon. Mr. Norton: That was a very prompt response. Two months from the time they got on the site.

The decision that has been made is in full compliance with the corporation's mandate in terms of environmental health and public safety. In announcing the decision, Dr. Chant, the chairman of the corporation, pointed out that the decision to consider South Cayuga, subject to detailed studies to determine the safety of the proposed site, had been a sound judgement based upon information and preliminary consultant reports available in 1980. In fulfilling its responsibilities under the Ontario Waste Management Corporation Act, the corporation has immediately started to locate alternative sites for similar detailed study and consideration by the hearing panel. This process will lead to the development of the much-needed facility at the earliest possible date.

The process established by the government under the Ontario Waste Management Corporation Act has proved its effectiveness, and I am satisfied that it can function efficiently and properly to meet our objectives. I also have full confidence in the ability of the Ontario Waste Management Corporation to fulfil its mandate and to plan and build facilities to meet Ontario's industrial waste needs in the future.

More than 60,000 chemicals are now commercially available and used in various industrial processes in North America. Another 1,000 new chemicals are developed and come into use each year. We all recognize some of these substances can be hazardous to human health. Virtually all of our modern chemicals can pose

some threat to the environment, especially when present in high concentrations.

My ministry has a program under way to list and catalogue all major chemicals and to determine the degree of potential threat to the environment or to health which each may present. We are assessing this information as it is collected and are assigning priorities for immediate and more detailed evaluation as required.

As a major part of our activities aimed at improving the way in which chemicals are studied, evaluated and controlled, Ontario has been leading the way in the effort to establish a centre for toxicology. The centre is planned as a co-operative venture to be undertaken and supported by Ontario, the federal government, Canadian industry and many of our academic institutions. It will be based on toxicology units which have been operating for some time at the Universities of Toronto and Guelph. Also included will be the activities of other universities such as McMaster, Western Ontario and Queen's. The program will be extended ultimately to—

Mr. Haggerty: To Brock?

Hon. Mr. Norton: I am not sure that they have a program.

Mr. Haggerty: They are doing an excellent job down in that area and you should give them a little bit of encouragement to continue with it.

Hon. Mr. Norton: In terms of prosecutions or in terms of toxicology?

Mr. Haggerty: Toxicology.

Hon. Mr. Norton: The program will be ultimately extended to benefit from studies on toxins at universities in other parts of Canada.

Mr. Haggerty: Including Brock?

Hon. Mr. Norton: Including Brock of course.

In time we expect the centre will represent a world-class scientific facility. It will play an important role in assessing the long-term effects of chemicals upon human health through a broad study and research program, which will include the testing of potential toxins before they are used by industry, epidemiological studies, the training of professionals for both industry and the academic sector and the collection and publication of up-to-date information on all aspects of toxins. This information will be freely available to the public and other jurisdictions throughout the world.

While we have been encouraged by industry

and the universities concerned, I regret to report that the federal government has not yet agreed to provide necessary financial support which will enable development of the centre to proceed. However, since I am an optimist, I look forward to a favourable decision on their participation.

Mr. Haggerty: You are an Optimist?

Hon. Mr. Norton: No, I belong to no secret orders.

I hope agencies such as Environment Canada and the Department of Health and Welfare become involved in the very near future.

The ministry continues to strive for effective means to dispose of highly toxic substances, such as polychlorinated biphenyls, which are prevalent in our industry and our environment. Currently we have two promising studies under way aimed at developing effective methods for PCB destruction.

Ministry-funded research at the Royal Military College in Kingston—I just point out that was begun long before I happened to be minister in this particular ministry—and at SJT Consultants Limited in Downsview continues, with total advances to date amounting to about \$767,000. We have an additional commitment of \$90,000, which will bring our total expenditure to \$857,000.

Test runs using a plasma arc for PCB destruction are expected to commence by the year-end at RMC's laboratory. This innovative method entails injecting PCB liquid wastes into the extremely high temperature zone of the plasma arc.

9:20 p.m.

A somewhat similar heat method of PCB destruction, using a plasma torch contained in a mobile unit, has been developed by SJT Consultants. The unit, designed to handle a range of refractory chemicals in addition to PCBs, is expected to have completed field tests by the end of February 1982.

It is hoped both of these innovative destruction methods will soon prove out and enable us to deal with these toxic wastes now in temporary storage. Scientists in my ministry and many others prominent in environmental technology in North America are firmly convinced that it is quite safe to break down the resilient polychlorinated biphenyl molecule into harmless substances through controlled burning at extremely high temperatures.

With regard to the handling of PCBs, Chemi-

cal Waste Management Limited in Smithville has made an interesting proposal. The company wants to remove fluid containing PCBs from one transformer to demonstrate under experimental conditions that the fluid can be replaced with a nonhazardous substitute. Our ministry along with Environment Canada and a number of electrical and chemical industries, is planning to participate in the demonstration which will be carried out under rigidly controlled and monitored conditions at a site to be determined.

Another of our major waste management programs concerns the identification of old waste sites in Ontario. These former sites, many of them buried and abandoned, were closed before the province took over waste management a decade ago. To date, 1,451 closed sites have been identified and rated according to their former use. After the initial inventory, 197 sites were marked for further study. Following this detailed survey, ministry staff required municipal corrective measures on two sites. Further monitoring was required at 91 sites and 14 required other study, which is now under way.

A further study is under way to evaluate the use of remote sensing techniques to identify former waste disposal sites and facilities, as well as to monitor their environmental impacts. A multimodular data processing system is also under development by the ministry for storage of information on all waste disposal sites.

Following our leadership in the investigation of closed waste sites, the federal government proposes to launch a joint program to assist other provinces in undertaking such inventories and monitoring. I say, with some regret, that while they are following our lead, they have refused to share with us in the cost of what we have already done, although they are now prepared to share with all the other provinces in Canada.

I will touch briefly on some other progress made in our waste management programs and activities during the past year. Several activities are under way to conserve nonrenewable resources of energy and materials which are important to the aims and objectives of our conserver society of the future. My ministry is working in co-operation with the Ministry of Energy on a number of energy-from-waste projects.

Nordfibre Company in North Bay is considering a plant to recover energy from municipal waste and wood residue. In Sudbury a study has

been initiated to examine the feasibility of covering energy for use by Inco. In St. Catharines a small-scale incinerator is being considered to produce steam for the General Motors number two plant. In the region of Niagara a study is under way to determine if a large-scale plant using municipal waste is economical. The steam and electrical power would be used by the Ontario Paper Company.

The ministry worked closely with Metropolitan Toronto on its master plan for waste management and also shared the cost of its development. Projects under consideration in the Metro area include the addition of steam-producing boilers to the Commissioner Street incinerator, a waste incinerator producing steam for a district heating network in the city of Toronto and a possible alternative modification of boilers at the Hearn generating station of Ontario Hydro for energy recovery from processed waste.

In addition, new transfer stations are required, and one of these is being constructed with the potential for adding waste processing equipment. While the present landfill facilities in Etobicoke are capable of handling all of Metro's municipal waste until about 1987, we want to reduce that waste and recover what we can in material and energy resources.

A complete review of all these potential waste projects in Metro Toronto and alternatives is under way. This complex evaluation must also take into account the collection practices of the suburbs and the implications of increased source separation and recovery of material both from residential and commercial waste.

To assist Metro further in this large enterprise, my ministry has developed a computerized modelling system capable of handling this highly complex evaluation and of developing the optimum cost-effective solution. This will enable Metro to schedule rationally the very high capital expenditures involved in the transition from relying principally on landfill to waste processing plants for material and energy recovery. This computerized modelling system will be made available to other municipalities for the same purpose.

I am pleased to report that we have made considerable headway with our recycling program at Queen's Park. Following a demonstration at my ministry's head office of the separation of office paper waste, the program was extended to 13 other government buildings in Metro Toronto and is now in full operation. Each month an average of 25 metric tons of

high-grade paper is gathered from collection bins and sold to a waste paper dealer for recycling by paper mills. At the present time, the paper sells for over \$100 a ton. We are now recovering for the Ontario Treasury around \$25,000 a year, while reducing landfill and conserving many trees.

Mr. Boudria: Is that a net profit?

Hon. Mr. Norton: I am not sure if that is a net figure or not. I suspect it is gross, but I am not sure. Twenty-five metric tons at \$100 a ton would be gross, I guess.

We hope the demonstration of the potential for paper recycling on this scale will encourage its extension to other office buildings, not only in Metropolitan Toronto but throughout the province.

Another important development in recycling is the Ontario Paper Company's new de-inking plant in Thorold, the largest de-inking plant in Canada. When it goes on stream in the next few weeks, it will open a major new market for waste newspapers for the entire Niagara Peninsula and beyond that.

Mr. Kerrio: Are we partners in that deal?

Hon. Mr. Norton: We are not partners in that deal, to the best of my knowledge.

Mr. Kerrio: We have an investment, though we are not partners.

Hon. Mr. Norton: I do not think we are partners in that. We co-operated with them in terms of the development of it, but we are not partners in the operation. It is a private corporation. I think it is an American-based corporation.

Mr. Kerrio: I was thinking about the grants to Ontario Paper.

Hon. Mr. Norton: They were to assist them to get going with some of this stuff.

Mr. Kerrio: That is not part of this?

Hon. Mr. Norton: Yes, I think it is. We have assisted them but we are not partners in the operation.

Mr. Kerrio: That was just a little aside. I was joking about your involvement with Suncor. I thought you were buying in all over.

Hon. Mr. Norton: Following Suncor, who knows?

Mr. Kerrio: It is like what I said about the uranium contract, that usually if you put up \$300 million, you are a partner.

Hon. Mr. Norton: It is projected that by 1984 the process will have a capacity of 100,000 tons

of waste newspaper a year, generating a demand within a radius of 250 miles of the plant. The ministry is working closely with the company and neighbouring municipalities to help ensure that the maximum amount of waste newspaper is recovered for recycling.

Just as an aside, the capacity of the plant is such that, at least initially, they may well have to import some waste paper from across the border in order to keep the plant going to capacity, but that is not their long-term intention.

Mr. Charlton: Will they still take the waste newspaper after we use it in my sign truck?

Hon. Mr. Norton: In your sign truck?

Mr. Charlton: From my election signs.

Hon. Mr. Norton: I do not know whether it will take that kind of ink off or not.

Policy guidelines for another program to encourage Ontario residents to reduce waste were established recently by the government. In an effort to promote source separation, the ministry will make available nonrefundable grants to encourage the development of new or expanded multimaterial resource recovery projects. Grants covering up to 50 per cent of costs are available to municipalities, to private companies or to community groups to study the feasibility of source separation. Funds will be available to cover startup and promotion costs for up to three years until the projects can become self-sufficient.

9:30 p.m.

Our analysis indicates that the residents of this province stand to gain very substantially from this program.

Mr. Haggerty: The liquor industry would gain quite a bit from it too if it recycled some of its bottles and containers.

Hon. Mr. Norton: Yes. There probably has to be, unfortunately, a complete recycling of the glass because of the difficulties they have in terms of sources of their bottles.

Mr. Haggerty: The brewing industry can use them about 35 times.

Hon. Mr. Norton: There is a different problem there because at least the brewing industry has gone to a uniform bottle. I do not know whether you would get the liquor industry, considering it is based in part outside this country, ever to go along with that. You might have to give up your Haig and Haig Pinch because they are not going to put it in the same bottle as Johnny Walker's.

Mr. Haggerty: I think the ministry could crack the whip though. You have to give the lead.

Mr. G. I. Miller: What kind of stuff are we talking about now?

Hon. Mr. Norton: I just said Mr. Haggerty would not want to give up his Haig and Haig. They might not want to use uniform bottles.

Mr. Haggerty: I wish I had the money I turned down and they could still be well off today.

Hon. Mr. Norton: The money you turned down?

The recycling programs are expected to increase the quantity of recycled waste, conserve energy, reduce demand for virgin materials and reduce landfill requirements. We are hoping for further aggressive action by more municipalities in the establishment of waste transfer stations as a complement to source separation and other programs.

We are also making progress in certain waste-processing projects. The transfer station section of Ontario's experimental plant for resource recovery has been in operation now for four years and has proven highly successful. It is capable of reliable operation at a capacity of up to 1,000 tons per day. The use of this design concept could well result in a substantial reduction in the capital investment required by municipalities to construct needed transfer stations through the province.

The processing facilities at the plant were officially open in August 1978. The run-in stage of the operation is now complete and routine operation is under way. Waste is now being fully processed at greater than the design rate of 40 tons per hour, and a daily average rate of 49 tons per hour has been achieved.

Substantial quantities of materials have been recovered for sale, including corrugated cardboard, ferrous metal and compost. Markets are currently being developed for other recovered materials, including refuse-derived fuel. The province will encourage the development of new and stable markets which will make resource recovery economically viable.

Turning now to the important issue of the Great Lakes, my ministry is continuing to meet Ontario's obligations under the Great Lakes water quality agreement monitored by the International Joint Commission. We are firmly committed to restoration and preservation of water quality in the lakes, which serve as the source of drinking water for millions of people on both sides of the border. My ministry has s

side \$2.4 million for this monitoring and surveillance program, apart from any capital works, of which half will be recovered from the federal government under the Canada-Ontario agreement.

It is worth noting that under the Canada-Ontario water quality agreements of 1972 and 1978 a total of \$1.4 billion has been spent by all three levels of government on sewage treatment facilities in Ontario municipalities bordering the Great Lakes. In addition, we are continuing our program of testing water and fish quality, even the concern for hazardous industrial contaminants discharged into the Great Lakes.

The Niagara River is the single largest tributary source to Lake Ontario. Some conditions in the lake can be directly related to the river as the predominant or single source. The presence of mirex and dioxin are examples of contaminants traced to the river and specifically to sources on the American side.

In response to growing concern about toxics in the Great Lakes, Canada and Ontario have intensified and co-ordinated monitoring and surveillance programs. In June last year the review board under the Canada-Ontario water quality agreement released the environmental baseline report on the Niagara River. It focused on water quality problems resulting from the inadequate control of toxic substances.

Additional analyses were carried out and the second report was recently published. I tabled it in the House on November 16. This report, as I stated in the Legislature, indicates that Canadian sources contribute one per cent of the toxic metals and organic chemicals found in the river. In fact, I think it is less than one per cent. Total American discharges are about six times the total Canadian discharges.

On the US side, 12 municipal waste water treatment plants and 89 industrial facilities are licensed by the state of New York to discharge effluents to the Niagara River or its immediate tributaries. Furthermore, 312 other industrial operations discharge to the river via municipal waste water treatment plants.

Mr. Kerrio: Waste water plants? They would leave the treatment out.

Hon. Mr. Norton: Yes. They are waste water treatment plants that are not treating.

There are 215 known chemical waste dumps in the Niagara and Erie county area. Four of these are of particular concern: Love Canal, Hie Park, 102nd Street and the Hooker S area. In addition, there is the serious problem with the waste water treatment plants at Buffalo and

Niagara Falls, which continue to have operational difficulties and are not in compliance with effluent standards. In contrast, there are 19 municipal and industrial sources of discharge from the Canadian side of the river. All of these discharges are treated and meet the effluent requirements or are under control programs designed to bring them to the required levels.

The review board clearly established the reality of transboundary pollution resulting from discharges from American sources. The International Joint Commission has consistently identified the Niagara River as a problem area. In its most recent meeting in Cleveland on November 18 and 19, the commission once again focused attention on the river's problems.

I am concerned that these sources of pollution to the Great Lakes have not been brought under control. While we have been fortunate that drinking water supplies drawn from the Niagara River and Lake Ontario continue to meet the drinking water criteria, there is potential for serious problems in the long term if these contaminants are not controlled.

In my view, the evidence clearly establishes the scope of the problem. What is required now is a concentrated effort on the part of the International Joint Commission to deal with remedies and preventive strategies. The US Environmental Protection Agency and the state of New York, under the IJC's surveillance, should assess the effectiveness of their programs to eliminate and control the discharge of toxic contaminants from industries and old landfill sites. The commission could then make recommendations and offer advice as to how these programs could be made more effective.

As I stated in the Legislature last Thursday, Ontario will be intervening directly in the hearings to consider an application for renewal of New York's state pollution discharge elimination system permits in order to record and emphasize our concern about the continued, unacceptable loadings of pollutants to the Niagara River.

In fact, this very night my assistant deputy minister, Walter Giles, is intervening before the hearing panel established to consider the application by SCA Chemical Waste Services Incorporated.

Mr. Kerrio: Probably with my assistant, who is making the same kind of trip.

Hon. Mr. Norton: That could very well be. It

is a good thing we are working together. This could be the beginning of a whole new relationship.

Mr. G. I. Miller: Let's put a hold mark.

Hon. Mr. Norton: That's right.

Mr. G. I. Miller: Co-operation.

Hon. Mr. Norton: SCA is in the process of seeking relaxation of the standards governing discharge from its lagoons into the river.

The United States government and New York must make a major effort to control their contributions to the Niagara River problem. The Premier, the Deputy Premier and I will make this case very strongly in our meeting with the governor of New York and the commissioner of the Department of Environmental Conservation. We will insist that prompt action be taken and we will continue to press the International Joint Commission and the US Environmental Protection Agency to exercise their responsibilities in this matter as well.

9:40 p.m.

We can go into this issue in greater depth, if you wish, when we reach votes 2102 and 2103, dealing with our water resources program.

I would like to mention briefly the status of Ontario's ongoing sport fish testing program. It is designed to protect the public from consuming fish which may contain high levels of contaminants.

This year, in co-operation with the Ministries of Natural Resources and Labour, we tested fish from more than 200 lakes and rivers. This brings our sample totals to date to 70,000 fish taken from 1,100 lakes, rivers and sections of the Great Lakes. This information is compiled and published each April in our bilingual guide books which indicate fish quality. Since findings were first published in 1977, some or all sizes and species of fish were found to be suitable for unrestricted consumption in over 92.9 per cent of the water bodies tested.

Our fish-testing program and other projects I have discussed in regard to environmental contaminants depend on our very efficient and effective laboratory services, both at the main lab in Rexdale and those in three of our regions. The laboratory services branch has undertaken extensive method development work to strengthen the ministry's environmental monitoring capability.

In October 1980 we opened a new dioxin laboratory in Rexdale. This facility provides Ontario residents with an extra measure of environmental protection as it enables us to test

for dioxin in both fish and water samples. Testing methodology has improved rapidly, even over the past year. With the installation of a new mass spectrometer at a cost of \$300,000 and with improved testing techniques, our scientists are now able to detect a range of types of dioxin at levels of two parts per trillion in fish and two tenths of one part per trillion in water. This represents a reduction in detection limits of fivefold in a very short period of time.

In addition, an international study is now under way with analytical experts from Sweden to jointly refine the methodology for measuring dioxin levels in fly ash and incinerator stack gases. A method has been developed to monitor viruses in raw sewage and effluent samples. This capability is being extended to bring on line methodology to analyse for the presence of viruses in drinking water supplies.

Our biohazards laboratory has undergone a \$400,000 expansion. The unit is in the process of completing method development work to complement the existing Ames test capability. This will strengthen the lab's ability to isolate and detect mutagens present in the environment.

The main lab has also completed extensive method development work to establish a priority pollutants analytical protocol. This new capability will enable the ministry to selectively monitor surface waters and drinking water supplies for over 120 parameters, 80 of which relate to trace organic contaminants. With this system, the ministry will provide one of the most extensive analytical capabilities available anywhere to assess the quality of Ontario's drinking water supplies.

All of these activities are indicative of our successful efforts to stay abreast of the latest developments in the field of environmental monitoring. In our efforts to improve enforcement, we have continued to expand our monitoring and surveillance programs throughout the province. We are also taking a tougher stance on prosecutions.

Committee members will recall that last January, a special environmental police unit of 13 specially trained men was established—I don't know if they are all men or not; I guess the unit happens to be all men—to crack down on illegal dumping of industrial wastes and other unusual forms of pollution. Amendments to our legislation have established fines for illegal handling and dumping of industrial waste and also empower the ministry to seize vehicles involved in such activity.

One lawyer and a prosecutions officer were

also added to the ministry's legal services branch to handle the increased number of prosecutions and control orders. I am pleased to report that of 43 prosecutions completed within the fiscal year, 41 convictions resulted. In the current year we have undertaken 31 prosecutions and to date we have obtained 15 convictions with 15 cases still pending. I think there is an error in that. I made reference to seizure of vehicles. I think it is seizure of plates and permits.

While I am dealing with our enforcement policy, I will also comment briefly on the matter of standards and objectives and how Ontario applies them in considering certificates of approval and control orders as major instruments of abatement. In some areas of environmental management Ontario and federal agencies appear to have different approaches. Canada may establish standards, whereas Ontario may set objectives. Some believe that standards mean stronger controls. However, in practice it is enforcement procedures that matter. In Ontario the main instruments of enforcement are the certificate of approval for new works or undertakings and the control order for existing works.

The control order provides a firm foundation for abatement by setting out a remedial program of abatement action and pollution control and a schedule by which reductions are to be achieved. The order is simple, direct and legally binding. In many cases it leaves the decision on the means of abatement to the managers of the source.

While prosecutions are a vital part of our enforcement program, the control order is the instrument of pollution control considered to be most effective by the ministry. It is precise, deals directly with abatement strategies and avoids the obliqueness and technical difficulty of enforcement via prosecutions. And, of course, the order is a public record and statement of what the polluter is required to do to eliminate the problem.

With control orders we require that a public meeting be held when an industry requests an extension or an amendment. At this meeting the applicant presents its case for the extension request and the public has an opportunity to comment. This serves as a guide for the ministry to take appropriate action. Basically, an order will not be changed unless the company is prepared to fully justify the change to the community as well as to the ministry. This policy is also contributing to a better public

understanding of community environmental issues. Since this policy was instituted in 1979, 10 public meetings have been held by the ministry in our review of control orders.

I do not want to leave the impression that the control order is the only process by which we achieve abatement of pollution. Remedial actions come about through discussions with the industry which may not be in compliance with our legislation or our standards and objectives. We become involved with enforcing compliance through our own monitoring and we are frequently alerted to a situation through citizen complaints or from industry approaching us to discuss a new undertaking.

The industrial abatement sections of our six regional and 23 district offices throughout the province are responsible for the protection of the environment from emissions from industrial processes, from commercial, institutional and agricultural operations, from construction and demolition activities, and from activities of individual citizens.

We make preliminary investigations into a wide range of environmental complaints, initiate abatement action and ensure that problems outside our jurisdiction are referred to the proper authority. Industry and the public are informed about the current technology for controlling sources of pollution, for process changes when expansion is anticipated, and for the disposal of hazardous wastes.

Responsibilities under the air pollution index and alert systems require 24-hour surveillance and the implementing of appropriate action in the Metropolitan Toronto, Hamilton, Niagara Falls, Sudbury, Sarnia, St. Catharines and Windsor areas. We also provide a 24-hour front-line technical assessment and co-ordinating function under the Ontario government's plan for dealing with spills of oil and other environmentally hazardous materials. In all of this work extensive use is made of our laboratory services branch and the several other areas of expertise within the ministry.

9:50 p.m.

Through our public information activities we are continuing to take more aggressive action to provide comprehensive information on complex environmental challenges and to stimulate open discussion. We have found that this encourages a better public understanding of pollution problems and their solutions. In addition, public discussion assists us in the development of effective and acceptable pollution

control programs. With reference to public involvement I would like to briefly address the subject of environmental assessment.

The Environmental Assessment Act and the procedures established by my ministry provide for effective communication and public involvement in the process. This includes the review and examination of assessment documents and participation in the hearings held by the Environmental Assessment Board.

I am pleased to report that the number of projects submitted for environmental assessment has been steadily increasing. We anticipate this increase will continue in the next two or three years as Ontario municipalities undertake assessments on their appropriate projects. Up to January 1979 my ministry was called upon to deal with only a total of 14 proposals. Since 1979, there have been 59 submissions made, and we are currently engaged in presubmission discussions involving more than 40 additional projects.

Another achievement which I wish to highlight is the approval and implementation of class environmental assessments for many of the activities of the Ministry of Transportation and Communications and of Ontario Hydro. These class EAs deal with subjects such as highway widenings or transformer stations which do not merit full individual environmental assessment in all cases, but are of sufficient environmental significance that an exemption would not be warranted.

Procedures have now been approved and established which allow projects of this type to proceed without further formal submission under the act, provided that the measures for environmental planning and public involvement set out in the assessments are followed by the proponent.

A final point I want to emphasize is my own belief that the success of the assessment process should be judged on the basis of the results achieved and not by the number of hearings held under the act. Hearings are only one step in the thorough process of project examination as set out in the act.

Mr. Kerrio: Or not held.

Hon. Mr. Norton: Yes, in some instances that is true. They are only held if there is a request made. Sometimes better processes are found.

Mr. G. I. Miller: You would have been further ahead if you had used it.

Hon. Mr. Norton: See how well it worked for you.

Most of the projects for which environmental assessments have been submitted were approved without hearings for the simple reason that no member of the public required one, even though we advertised and made available all of the necessary documents in advance as the act requires us to do.

I think our record clearly establishes that the Environmental Assessment Act is an excellent means of resolving planning concerns at a minimum cost.

Mr. Boudria: When used.

Hon. Mr. Norton: That is correct. It is used when it is appropriate.

Before leaving the subject of public hearings, I would like to briefly comment on the Consolidated Hearings Act of 1981 which became law on July 3 as chapter 20 of the 1981 Statutes of Ontario. The new act provides for the streamlining of approval processes which involve hearings under one or more of the statutes listed in the schedule to the act. As well as statutes administered by the Ministry of the Environment, the Municipal Act, the Planning Act, the Ontario Municipal Board Act, the Expropriations Act and several other acts affecting only parts of the province are listed in the schedule.

When a proponent chooses to file a notice under the new act, a single hearing can replace several hearings and discussions under the other affected acts. This streamlining should reduce considerably the time and money spent by proponents and others on overlapping hearings and eliminate the possibility of inconsistent decisions.

Finally, I will note a few highlights of the essential services and capital construction program for our water and sewage treatment facilities, a major responsibility which accounts for a significant portion of our budget. More than \$5.5 billion has been spent on water and sewage facilities in Ontario over the past 25 years. The province, through my ministry, has provided almost one third of this amount in the form of loans and grants to municipalities.

A total of 371 plants were owned and operated by the ministry as of April 1, 1981, serving more than 300 communities throughout the province. These plants serve mainly smaller communities or are area facilities which serve several municipalities.

Mr. G. I. Miller: What share of the cost does the federal government pay?

Hon. Mr. Norton: I do not know the precise amount. I suppose it would be roughly a third.

Mr. Castel: The community services contribution program was providing approximately 16 per cent.

Hon. Mr. Norton: But that would not have been the program throughout all of those 25 years.

Mr. Castel: It is mainly provincial, municipal and developers.

Hon. Mr. Norton: We are now providing front grants to municipalities and encouraging them to take over the responsibilities for and the management of their own facilities if they are capable of doing so. We are not unmindful of small communities which do not have the resources to handle the job. We will continue to provide them with project management as well as loans in cases where financing cannot be arranged through normal sources.

Effective December 31, 1980, the federal government terminated applications for community services contribution program grants, known as Canada Mortgage and Housing Corporation assistance prior to March 1979. This termination represents a loss of \$52 million per year in grants for water and sewage projects in Ontario municipalities, based upon the final year of the program. At the time CSCP was cancelled, many communities throughout the province had not yet had time to complete their sewage and water treatment projects. Subsequent negotiations with the federal government have produced some relief from this unilateral action.

Over the next three years grants totalling \$65 million will be provided by Environment Canada to Ontario municipalities so that Ottawa can fulfil its obligations under the Canada-US Great Lakes water quality agreement. However, the grants will be only for municipal sewage projects intended to abate existing water pollution problems in the Great Lakes basin.

In order to compensate for this withdrawal of funding, my ministry recently announced special grants totalling \$4.6 million to be made available for municipal sewage projects outside the Great Lakes basin and water supply projects throughout the province. These special grants are for those municipalities adversely affected by the termination of the CSCP and not assisted by Environment Canada grants.

We have fully replaced lost federal funds in small municipalities where high-cost projects are already under way or have the approval of the Ontario Municipal Board. However, Ontario is not attempting to replace the lost federal

funding on a long-term basis. Our intention is to press ahead with projects which had already been started with provincial funding.

Municipalities with provincially assisted high-cost projects lacking OMB approval and those with urban growth projects will also have their provincial grants increased. These grants will now be calculated using the gross project costs.

As you can see from the remarks highlighting the programs, the ministry has progressed on many fronts. I look forward to discussing—you are not supposed to laugh when I say that; I am being very serious—the various aspects of our activities with you in more detail.

After the committee members complete their comments, Mr. Chairman, I should like to ask that we deal with our estimates as they are organized in the books. For example, the issue of acid rain could be reviewed under vote 2102, item 1. I believe that procedure would enable us to have appropriate staff on hand to assist in answering your questions.

If there is any desire to alter that order, would you notify us in advance so that we could appropriately juggle staff? This is in the event you have questions which might require me to consult the staff so that I could be appropriately backed up. I am sure we can work together in a constructive and nonpartisan spirit to review issues such as acid rain and other pressing environmental problems.

As we thought it might assist members to gain a better grasp of the scope and nature of the ministry's work, we have prepared a very brief slide presentation which we would be prepared to show at this point. Obviously we are in the committee's hands. Given the time that remains this evening, I do not know if Mr. Kerrio will want to get started with his remarks or wait until after the slide presentation.

Mr. Kerrio: How long a presentation is this?

Hon. Mr. Norton: Ten minutes.

Mr. Kerrio: If I hold my presentation over, I can get my slide presentation to go along with it tomorrow.

Hon. Mr. Norton: That is a good idea. We shall show you ours and you can show us yours tomorrow.

Mr. Chairman: Mr. Minister, after that excellent presentation there may not be any questions. I have one small concern about going to the slide presentation. There are likely to be votes tonight.

Hon. Mr. Norton: It is only 10 minutes.

Mr. Chairman: Okay.

Hon. Mr. Norton: I think the votes are to be stacked to 10:15 p.m.

Mr. Charlton: While we are waiting, Mr. Chairman, I wish to refer to the minister's final comments about changes in the order of the items under the votes. I have no objection to following the order right through with the one exception of the vote we are going to take on Mr. Laughren's motion on Thursday night.

Mr. Kerrio: Are we sitting for one session tomorrow?

Mr. Chairman: Yes, from ten o'clock until 12:30.

The committee viewed slides from 10:03 p.m. to 10:12 p.m.

On resumption:

Hon. Mr. Norton: When we get to that point in the estimates, if you would like to see the film on acid rain we will make it available to you. It is an excellent film which has had a profound effect throughout the United States, as I am sure you will have heard if you talked to some of the delegations that came up.

We could also make arrangements to go out on one of the boats on the Great Lakes, if you wanted to do that, and have a look at the end of the Niagara River or something like that. We are very flexible on subjects like that. We want you to be well informed.

Mr. Chairman: Could we catch some lake trout on the way?

Hon. Mr. Norton: We might do that. Are they in season? I am not a fisherman.

Mr. Chairman: I am sure they are in season.

Mr. G. I. Miller: We want to make sure the minister will have time to answer some questions. I think that should be added to and not subtracted from our time.

Hon. Mr. Norton: After all, there is only so much time I can devote to serving you in that way, but I would be quite willing to arrange that. You can think about it.

Mr. Kerrio: We had drawn up a tentative program on the various votes. I think we are going to have to readjust that in view of what we might be talking about in opening statements. Could we do that maybe at the meeting tomorrow some time? Yes, we could do that tomorrow.

We have a few minutes, so I may make a few comments. Then I could lead into my statement when we come back tomorrow. First, I would like to get on the record the fact that we in this party are making representation to the hearings in the United States regarding the proposed modification to the state pollution discharge

elimination system permit by SCA Chemical Waste Services Incorporated. Did you get a copy of our statement with respect to this proposed modification?

Hon. Mr. Norton: I have it before me at the moment. This is the first I have seen it.

Mr. Kerrio: I wanted to make sure you got that.

Hon. Mr. Norton: Thank you.

Mr. Kerrio: Secondly, I wanted to get something on the record which has to do with my personal involvement in this whole environmental area and the reasons for my becoming involved. Coming from Niagara, it seems very appropriate that I should ultimately be made responsible for this area of criticism for our party. I have a very personal interest in that particular area for obvious reasons. Having been raised on the frontier and with my construction involvement along the frontier, I have had a very personal involvement with the Niagara River.

Hon. Mr. Norton: Is it fair to say you are a frontiersman?

Mr. Kerrio: Yes, you might say that. For obvious reasons I would like to make a few comments that I think would lead to the statement I have to make.

Great scientists speculate as to the age of our universe measured in thousands of millions of years. In the face of that, it seems a terrible indictment of modern society that we have managed to do the major polluting in one lifespan, if you will, and to concentrate the very serious pollution in the last 40 years. You will realize why I am using 40 years as a kind of gauge.

Hon. Mr. Norton: Are you looking at me when you say that?

Mr. Kerrio: I cannot believe there is another jurisdiction in North America, particularly on the Great Lakes system, where there has been one government in place in all that 4 years apart from the province of Ontario. With all of the problems that exist, you cannot point to some other government that was in place in the province when some of the very serious problems were developing. It is not like Ottawa where the Tories can point at the feds and the feds can say, "You were in there for three terms during the last 40 years." In Ontario it has been you and your people. So you must accept full responsibility.

I wanted to make that comment before I lea

into my statement tomorrow morning. I think it is appropriate. I think we cannot look anywhere else but to your government to take full responsibility. Tomorrow I shall go on from here.

Interjection.

Hon. Mr. Norton: We have never backed away from it.

Mr. Chairman: It is now close to 10:30 so I suggest we adjourn until 10 o'clock tomorrow morning.

The committee adjourned at 10:17 p.m.

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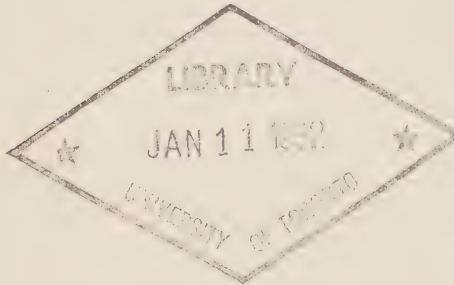
Ontario, LEGISLATIVE ASSEMBLY

No. R-12

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of the Environment



First Session, Thirty-Second Parliament
Wednesday, December 2, 1981

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, December 2, 1981

The committee met at 10:09 a.m. in room N 228.

ESTIMATES, MINISTRY OF THE ENVIRONMENT

(continued)

Mr. Chairman: I call the committee to order. It looks like I can organize a quorum here.

Mr. Kerrio: I am pleased to present my opening statement as it relates to the Ministry of the Environment. I am afraid it is going to have a tone slightly different to that of the introductory statement we heard last night and for obvious reasons.

Mr. Chairman, members of the committee, it is my pleasure to be here today to embark upon an examination of the Ministry of the Environment estimates. In my capacity as Environment critic for the Liberal Party of Ontario, I have a somewhat lengthy statement, but I am sure you will bear with me in view of the fact that the minister had one equally long or maybe a little longer.

Mr. Chairman: As long as the minister does not interject as much as everybody did last night.

Mr. Mr. Norton: Aren't you going to give me equal time?

Mr. Kerrio: On November 12, 1981, we welcomed the Minister of the Environment's statement, "I can assure you, as I would assure the people of this province, that I will fully discharge my responsibility as Minister of the Environment in terms of taking every possible and reasonable step to protect the environment."

Regrettably, we now find ourselves questioning whether the Ontario Minister of the Environment is providing environmental protection to the people of this province or merely reacting to environmental problems which occur. I personally am concerned about the ministry's reacting rather than taking a protective approach.

Section 2 of the Environmental Protection Act states, "The purpose of this act is to provide for the protection and conservation of the natural environment." This is what the Ontario Ministry of the Environment should be doing. However, this is obviously not the purpose

underlying the Ministry of the Environment's actions. Let me give you an example.

On March 10 the township of Harwich held a press conference at which a number of very serious allegations were made about the Harwich landfill site. On April 16, 1981, Mr. D. A. McTavish, regional director from the Ministry of the Environment, southwestern region, replied to those allegations. He noted that although some discrepancies were identified, there were reasonable explanations for the majority of them.

However, Mr. McTavish also made the following comment: "The statements contained in the supporting information," that is, for an application for the certification of a landfill site, "are not legally binding on the applicant, and where no environmental problems arise in the deviation from the statement, the ministry has no reason to enforce strict adherence with the statement."

Frankly, Mr. Chairman, I was shocked when I read this statement. Apparently, according to the regional director for the southwestern region, environmental problems must actually arise before the ministry will enforce statements in an application for the certification of a landfill site. Such a policy is totally unwarranted and irresponsible. Surely the Minister of the Environment should enforce environmental protection rather than merely reacting when environmental problems arise.

My concern about Mr. McTavish's statement has been fully substantiated in the ruling of the Divisional Court of the Supreme Court of Ontario of October 21, 1981, concerning the validity of the certificate of approval for the Ridge landfill site. In fact, the court's decision makes a mockery of Mr. McTavish's statements. Let me briefly remind the committee of the court's decision on the Ridge landfill site.

The certificate of approval for the Ridge landfill site in Harwich township, issued on March 11, 1980, was ruled null and void on December 2, 1980, by a decision of the Ontario Divisional Court. This decision was based upon the fact that no public hearing had been held in accordance with section 33(a) of the Environmental Protection Act when the old certificate

was renewed with substantial changes; as an example, the specific inclusion of hauled liquid industrial waste and hazardous waste.

On Wednesday, October 21, 1981, in connection with a further application on the Ridge Landfill Corporation and the Ontario Ministry of the Environment, three justices of the Divisional Court of the Supreme Court of Ontario unanimously agreed with the decision of December 2, 1980. The court ruling is that because no public hearing was held when the certificate of approval of March 11, 1980, was issued, the only valid certificate for the site is that issued on August 19, 1976. This certificate makes no mention of the types of waste the site can accept. Therefore, the court ruled that the site can accept only those types of wastes found in the original application for a certificate of approval made by Ridge.

That application, made February 2, 1971, specifies the following types of waste: domestic, 30 per cent; commercial, 10 per cent; industrial, 10 per cent; agricultural, two per cent; hauled sewage, 44 per cent; and other, defined as brush, dead trees, appliances, furniture, et cetera, four per cent. The court ruled that the site must not accept hauled liquid industrial waste or hazardous waste. The court's decision shows that the Ministry of the Environment circumvented the government's own legislation under section 33(a) of the Environmental Protection Act, which has to do with a public hearing and which reads as follows:

"Where the director receives an application for certificate of approval for the use, operation, establishment, alteration, enlargement or extension of a waste disposal site for the disposal of hauled liquid industrial waste or hazardous waste as designated in the regulations or any other waste that the director ascertains, having regard to the nature and quantity of the waste, is the equivalent of the domestic waste of not less than 1,500 persons, the director shall, before issuing or refusing to issue the certificate of approval, hold a public hearing."

Mr. Minister, it is obvious that is one of the very important areas we must address ourselves to in dealing with the disposal of waste in Ontario. The public must have the kind of input it is entitled to. This was clearly not the case in the instance referred to, and we must ask ourselves how often either the director of approvals or any other official in the Ministry of the Environment has violated or circumvented the government's own legislation.

If the court's ruling is applied to other landfill sites in the province which accept hauled liquid industrial waste or hazardous waste, then clearly other discrepancies have occurred. My leader brought this fact to the attention of the Legislature on October 27, 1981. The Liberal environmental policy research analyst applied the Ridge decision to other landfill sites accepting either hauled liquid industrial waste and/or hazardous wastes and found that two other sites in the province are accepting hauled liquid industrial waste and hazardous wastes in the same illegal manner as the Ridge site.

The certificates of approval issued on July 1, 1980, for the Tricil landfill in Corunna and the city of Guelph landfill site also show substantial changes, which include the addition of hauled liquid industrial wastes and hazardous wastes, the Tricil case. Research showed that no public hearings were held when these changes were added. Therefore, if these certificates of approval were contested in a court of law based on the precedent of the Ridge decision, the current certificates of approval for these sites would all probably be ruled null and void.

As in the Ridge case, the court would rule that only the previous certificates of approval were valid. In the case of Tricil the certificate was issued on July 18, 1978, and in the case of the city of Guelph landfill the certificate was issued on September 16, 1976. Both those certificates are silent as to what types of wastes the landfill sites may accept. Therefore, based on the court's ruling, the sites must accept only the types of wastes specified in the original application for certificates of approval for the landfill sites.

In the case of Tricil an application was submitted on March 14, 1974, but no supporting information form was submitted. An application was also made on October 29, 1973, which noted that Tricil would be accepting 100 per cent industrial waste. However, it should be noted that industrial waste is not the same as hauled liquid industrial waste.

The city of Guelph made an application for its landfill site on July 30, 1971. This application notes that the percentage composition of waste to be accepted at the site would comprise the following: domestic, 25 per cent; commercial, 20 per cent; industrial, 45 per cent; and other, defined as demolition material, trees, parts of vehicles, et cetera, 10 per cent.

In neither of these applications did the applicants state they wanted to accept either hauled liquid industrial waste or hazardous waste. Therefor

ased on the court's ruling, these sites should have never accepted hauled liquid industrial waste or hazardous waste.

Our research staff has data on both the Tricil and the city of Guelph sites regarding the total quantities of hauled liquid industrial waste and hazardous waste which were accepted at the respective sites between August 1, 1979, and July 31, 1981. In the case of the Tricil site a total of 10,646,310 gallons of waste were accepted and in the case of the city of Guelph site 134,578 gallons were accepted. For that same period of time Ridge, Tricil and the city of Guelph landfill sites accepted a total of 18,004,715 gallons of waybill-documented hauled liquid industrial waste or hazardous waste. Based upon the court's decision on the Ridge landfill site, those wastes should never have gone to these sites.

We have no idea of the total quantity of the liquid wastes or hazardous wastes which have gone to those three sites since 1971, but we contend that the quantity is substantial. We also know from press statements by Ministry of the Environment officials that each of these three sites has indeed been accepting substantial quantities of hauled liquid industrial waste since 1971.

6:20 a.m.

This description of the court's ruling on Ridge and its implications for two other landfill sites in the province which are accepting liquid wastes may seem lengthy. However, what is disturbing is that in each of these three instances procedures set out in the Environmental Protection Act have been circumvented by officials of the Ministry of the Environment.

Today the minister told us how he will deal with the potential domino effect which my address started on October 27, but frankly the manner in which the minister has dealt with this matter is outrageous. What we witnessed today from the minister is nothing but an arrogant exercise of majority power. The minister has decided to bypass the whole legislative process and issue a government regulation by government fiat. The regulation noted in the statement of the House today is nothing but a cover-up of the ineptness of the minister's staff, which was exposed by our research staff in an exercise applying the Ridge court decision to other landfill sites in the province that accept hauled liquid industrial wastes.

The irony of all this is that the Divisional Court ruling in the Ridge case was based on the failure to hold a public hearing. As an answer to

the fact that public hearings were not held due to clerical oversights at the time by MOE officials, the minister has now issued a regulation which will exempt mandatory certification and hearings provisions of the Environmental Protection Act. The monitoring action provided in the minister's regulation is something that should have been occurring from the moment the eight sites listed went into the business of accepting liquid wastes. This action by the minister provides no protection to the people of this province who, by the ministry's own legislation, were entitled to full public hearings.

The question arises, therefore, is this environmental protection or is it environmental expediency? Obviously, there is considerable cause for concern about a philosophy of environmental protection as compared to what appears to be the ministry's philosophy of environmental reactiveness and/or expediency.

I would now like to review in general terms the management of liquid waste in Ontario by the Ontario Ministry of the Environment and the development of the "not-in-my-backyard" syndrome. On June 19, 1979, the Honourable Harry Parrott, Ontario's Minister of the Environment at that time, through his deputy minister, Mr. Graham Scott, delivered a speech to the Twenty-Sixth Ontario Industrial Waste Conference, entitled, Liquid Industrial Wastes: Beyond the Seven-Point Program.

Dr. Parrott began his remarks with the statement: "The safe and efficient disposal of wastes generated by western society's massive industrial structure is one of the major challenges in environmental protection today." He then went on to outline a strategy for handling liquid industrial waste and stated: "The technical, administrative and economic aspects of waste disposal do not present insuperable difficulties. However, we are faced with the major problem... of public attitude. Just about any community you can name will object vigorously to any hint of a liquid industrial waste facility in their neighbourhood. Why? Three reasons come to mind: fear, mistrust and pure self-interest."

The minister continued: "No one wants a liquid industrial waste facility or, for that matter, any kind of landfill or disposal facility near or in his or her neighbourhood. There comes a time, however, when all but the most biased must accept that something must be done in the broader public interest and in accepting a degree of responsibility as a member of the community." He then stated the

challenge as he saw it, which was "to gain widespread public acceptance of the existence of disposal sites and the great need for new facilities. We ask Ontario residents to examine technical facts and to make a judgement on the facts. We want Ontarians to know that our decisions will be based on the same technical facts."

The former minister should have been congratulated on bringing to the Ministry of the Environment a fresh attitude of "let's get something done about this grave problem." Unfortunately, the ministry attempted to implement this initiative in a manner which ignored totally the very challenge which Dr. Parrott recognized in his speech, namely, "the need to gain widespread public acceptance of the existence of disposal facilities and the great need for new facilities."

The ministry has completely failed to gain widespread public acceptance of the need for hazardous waste facilities. The fear and mistrust of which the minister spoke is continually manifesting itself in large emotional public meetings across Ontario and in lawsuits brought not just by individuals, but by municipalities which are convinced with their citizens that the decision by someone in the Ministry of the Environment to locate a disposal facility in a municipality or neighbourhood is a formula for disaster.

Why are such violent conditions stirred up by the Ministry of the Environment's proposals, or by proposals of corporations or municipalities which have obtained an initial, prescreening approval from the Ministry of the Environment? Obviously, there will always be an element of self-interest for people close to a proposed facility. Some people will always object to an unusual installation in their area, no matter how safe it may be, because they perceive that their property value may be lowered. However, this factor is not the main one in the protracted and emotional battle which is being fought on the question of hazardous waste facilities.

The opposition and these controversies are rooted in fear and mistrust. Therefore, they will continue unless appropriate strategies are invoked. Moreover, this fear and mistrust are the direct result of the Ministry of the Environment's inability to gain credibility as an expert agency which can be trusted by the public when it says a facility is needed and is safe. If the public could see that the ministry was really providing protection, then much of the existing fear and mistrust would disappear.

Public leaders also need to be able to be sure of the credibility and technical competence of the Ministry of the Environment and the ministry's willingness to allow the public to participate in decisions about the type and siting of hazardous waste facilities. If public leaders could be assured that the ministry was credible and trustworthy, the ministry and citizen leaders could work together to convince the majority of the members of the public that there was no need to fear the establishment of a given facility and that the interest of the public had been taken into account in the planning stage.

It is not to be expected that the ministry's knowledge of the problem of fear and mistrust by the public would diminish in view of the minister's 1981 speech, to which I have already referred. Having said, as I mentioned earlier, that "there is a need to gain widespread public acceptance of the existence of disposal sites and a great need for new facilities" and that "we ask Ontario residents to examine technical facts and to make a judgement on the facts," the minister went on to ask a rhetorical question which clearly indicated MOE's negative attitude and one which has led to the ministry's failure to make any progress in finding sites for hazardous waste disposal facilities in Ontario.

He said, "Is it asking too much for citizens to accept a facility in their community because it is the best place for it and because the facility is required to serve the public need in general? Although posed as a question, this was a statement of basic MOE philosophy. He said in effect, that the Ministry of the Environment knows what is best and the public will just have to accept the facility when and where the ministry says it is required because if the ministry says so, it must be safe in concept and design and in siting. Unfortunately, based upon the ministry's track record, the public justifiably has found the ministry's real philosophy of "know best" unacceptable. A case in point, you may expect, is South Cayuga.

During 1979 the Ministry of the Environment came up with a brand new scheme for management of liquid industrial waste products. That scheme included a short-term and a long-term management approach. In the short-term the ministry proposed that two sites in the province would solidify inorganic liquid industrial waste, that a site would be obtained and constructed for the interim storage of PC waste and that a redundant sewage treatment plant in Ajax would be converted to a physical-chemical treatment plant for liquid industrial waste. The proposal was to apply for a five-year period

10:30 a.m.

The ministry also had in mind a long-range plan, that is, the establishment of a comprehensive liquid industrial waste management facility. Between mid-1979 and November 25, 1980, the typical "not-in-my-backyard" syndrome developed on the subject of the four short-term proposals due to public fear and mistrust of the Ministry of the Environment. On November 25, 1980, in the Legislature the former Minister of the Environment, Dr. Parrott, announced that the South Cayuga site, a piece of land on which the government had spent \$35 million in the hopes of making it the location of a future city, would become the site for the province's comprehensive liquid industrial waste management facility.

May I remind you that the consulting firm of Jones F. MacLaren Limited had ruled out South Cayuga in its interim siting report because it violated many of the criteria established for its assessment procedures. Of even greater concern was the fact that the establishment of a comprehensive liquid industrial waste facility at the site was not to fall under Ontario's Environmental Assessment Act.

The Environmental Assessment Act of 1975 states: "The purpose of this act is the betterment of the people of the whole of any part of Ontario by providing for the protection, conservation and wise management in Ontario of the environment." Yet on a question as important as locating a liquid industrial waste facility at South Cayuga the Environmental Assessment Act is being ignored.

Let me remind you of what Dr. Parrott had to say on November 25, 1980: "Let there be no doubt of the urgent need for this facility. Our health and that of the environment depend on it. Because of that need, I have come to another difficult decision. Since the final decision on site location and initial solidification technology has not been made, no hearing will be held under the Environmental Assessment Act or the Expropriations Act on the few properties that the government does not yet own."

To satisfy the concerns of the citizens in the South Cayuga area, as well as that of Dr. Donald Cant, the chairman of the Ontario Waste Management Corporation, an ad hoc hearing process is being followed still as we move into South Cayuga, part two. Frankly, I am appalled by the ad hoc process which was established for the South Cayuga site and is being followed for the next site.

Furthermore, while I am deeply concerned about the denial of citizens' rights to Environ-

mental Assessment Act hearings and Expropriations Act hearings, not to mention the dictatorial attitude of the government and its approach to the proposal of the South Cayuga site, I am also concerned about the wider question of the erosion of rights which will now be extended to other areas of this province.

Let me briefly summarize a few facts about the Environmental Assessment Act for you. When the act was tabled in the Legislature in 1975, the then Minister of the Environment, William Newman, called it "preventive medicine." He argued: "It will allow us to anticipate potential environmental damage before it occurs. It will ensure environmental protection of the critical part of the proposed project." He was talking about the drawing board stage.

Furthermore, statements by Ministers of the Environment and senior ministry officials have hammered home two objectives of the act: One, to provide and evaluate all potentially significant environmental effects of proposed undertakings at a stage when alternative solutions are available to decision makers; and, two, to ensure that the proponent of an undertaking and approval agencies give due consideration to the means of avoiding or mitigating environmental effects prior to granting any approval to proceed.

In spite of these objectives, the government's record leaves a great deal to be desired. Virtually every project, public or private, with any significant or controversial environmental impact has escaped hearings under the act either through ministerial exemption or failure to apply the act to the municipal or private sector. Such projects have included the Elora Gorge Bridge; the Darlington nuclear generating station; the Elliot Lake mining expansion; the Maple theme park; the Atikokan generating station; the burning of PCBs at St. Lawrence Cement Inc. in Mississauga; the Maple landfill; the proposed submarine cable between Ontario Hydro and General Public Utilities, South Cayuga, and now South Cayuga, part two. Little wonder that the Environmental Assessment Act has been called the environmental exemptions act.

The Environmental Assessment Act has not been implemented as it should, and we have been forced to resort to an ad hoc hearing process. This is a farce and a travesty of environmental justice. We live in a democracy, not in a dictatorship, and the people of this province deserve more consideration.

The South Cayuga site should never have

been considered for a number of reasons. First, the site lies within one mile of the Grand River to the north and within three miles of Lake Erie to the south. Such a location for a liquid industrial waste management facility would have been sheer folly. I am from Niagara Falls and I have seen for myself the far-reaching results which toxic chemicals have had on the lower Niagara River and Lake Ontario. The environment in these water bodies is contaminated by such chemicals as PCBs, Mirex and the deadly dioxin. These toxic chemicals have leached and will continue to leach from Hooker Chemicals' Love Canal, Hyde Park, S area and the 102nd Street dump sites, all of which are located near the Niagara River.

Surely we must have learned by now that no matter how secure a landfill site is reputed to be it is inconceivable and unconscionable to locate this type of facility and secure landfill so close to important water bodies as the Grand River and Lake Erie. If flooding or any other unforeseen conditions had arisen, causing contaminants to migrate to the river or to the lake, then the millions of people who depend on these water resources would have been affected.

The activities of the International Joint Commission with the 1971 and 1978 Great Lake water quality agreements between Canada and the United States have resulted in reversing to a degree the deterioration of our Great Lakes. Had the government persisted with the South Cayuga facilities, these past efforts would have been undone.

One question which must be asked is how secure is secure? Quantities of untreatable waste and waste residue remain in facilities and will have to be contained for many years. One school of thought is that some liquid wastes should be treated as if they had a high level of radioactivity and, therefore, secure containment is absolutely mandatory. The collection and treatment of leachate and the monitoring of any migration of contaminants at and around the site are absolutely essential. These are absolutes. The consequences of any errors could be disastrous.

Obviously, the crown corporation must address itself to these matters. We must all be able to see and evaluate the engineering design specifications for a secure landfill, the leachate collection system and the monitoring system, as well as the operational system and contingency plans.

To our surprise and delight the Ontario Waste Management Corporation announced on

November 18, 1981, that it was rejecting South Cayuga site. However, for 358 days residents of South Cayuga and others were subjected to anguish and frustration by unconscionable government interested more in political expediency than in environmental protection.

Throughout the South Cayuga controversy was obvious that the Ministry of the Environment was not providing the province with environmental protection. Thank God Dr. Ch and the Ontario Waste Management Corporation had the highest degree of environmental protection in mind when they investigated site. For a project of this magnitude and importance we must ask again, is Ontario Ministry of the Environment giving the province environmental protection?

The same question is asked time and time again when we look at a situation much closer to my home, namely, the Niagara River. For many years I and my associates have been attending hearings on the SCA Pipeline, the Hyde Park dump, the Hooker 102nd Street dump and Niagara Falls sewage treatment plant. Each of these areas represents potential problems for the Niagara River and Lake Ontario, many of which are already apparent through the detection of PCBs, Mirex and the deadly 2,3,7,8-TCDD, dioxin, in the aquatic life of the Niagara River and Lake Ontario.

10:40 a.m.

Where has the Ministry of the Environment been while these problems have been developing? Not once have we seen the ministry intervening on behalf of the citizens of the province, the people who will be most directly affected by further contamination from these sites or facilities. This lack of action is irresponsible; in fact, as I stated in the Legislature over a month ago, it is almost criminally negligent. Many problems in the Niagara River area have been recognized by a number of agencies, but they still persist.

For instance, in an International Joint Commission report of January 20, 1981, entitled "Special Report on Pollution in Niagara River," the International Joint Commission has stated: "On the basis of this preliminary information, the commission is concerned about the quality of the Niagara River and its effects on Lake Ontario. This concern increases with the growing realization of the present and the past actions of both the many abandoned or improperly operating hazardous waste disposal sites, some of which, I must remind you, have been

ound to be leaching pollutants to the Niagara River—"and new or newly found substances in the ecosystem at concentrations that may be problematic. In addition, the commission is concerned about the impact of the additional proposed discharges to the Niagara River at a time when quality in the river does not at present meet, or is close to exceeding, the agreement objective, including that for unspecified organic compounds."

The commission goes on to recommend that governments prevent any additional discharges to the Niagara River that would increase the output of those substances for which specific objectives under the 1978 Great Lakes water quality agreement, including the objective unspecified organic substances, are exceeded or likely to be exceeded."

Let us look at the question of the SCA pipeline. In January 1980, New York state decided to grant a permit to SCA Waste Services to dump treated chemical waste into the Niagara River. As we know, the permit was granted after several months of hearings and much media attention on both sides of the Canada-US border. During the many months of testimony concerning this permit, citizens' groups and media representatives were perplexed at the apparent lack of interest in these hearings by the Ontario Ministry of the Environment. Frankly, I was equally puzzled. Only after some prodding did the Ontario Minister of the Environment finally send a representative to sit in as an observer.

Why did the Ministry of the Environment not intervene in these hearings? Apparently because the Ministry of the Environment report concluded that the project would have a negligible effect on the water quality in the Niagara River at the Niagara-on-the-Lake treatment plant. It seems ironic, however, that a pipeline is being built right at this time to Niagara-on-the-Lake so that the community's water supply can be drawn from sources other than the Niagara River.

In spite of the lack of Ministry of the Environment intervention in the matter, one person, the Honourable Robert Welch, Deputy Premier of Ontario, apart from our party and citizens' groups, publicly expressed concern about the quality of water in the Niagara River. While the Ontario Ministry of the Environment was refusing to take a position on the SCA application, Mr. Welch appeared at the US hearings and registered his opposition to the granting of such a permit.

Hearing transcripts reveal that the Deputy

Premier was careful not to portray himself as a spokesman for government policy in this issue. He said, "I am here as a resident of the town of Niagara-on-the-Lake and as a resident of the province of Ontario to make some representation with respect to this matter."

Before concluding his testimony, Mr. Welch pleaded with the US hearing officer to "reconsider this application of SCA. . . Let's keep that waste out of our river. Not one more drop," he added. Yet as a minister of the Ontario cabinet Mr. Welch officially had no position on the matter.

Mr. Eakins: I guess he had to go it alone.

Mr. Kerrio: That is right. We had to go it alone. We were even looking for help from the feds. Federal Environment Minister John Roberts has made the following statement: "I have taken the position that, given the general state of the Niagara River and the lack of action in dealing with the Niagara Falls treatment plant, a deliberate additional discharge such as that from SCA is wrong."

On November 26, 1981, the minister finally took an interesting initiative with respect to the proposed relaxation of the SCA SPDES permit. The Americans have dubbed this a "speedy" permit, even though it is spelled SPDES, which stands for state pollution discharge elimination system, simply because they consider this quite a lark and really just a vehicle to allow those people to dump something very quickly into the river.

Hon. Mr. Norton: That is the American spelling.

Mr. Kerrio: Opening statements are being made respecting the SCA SPDES permit at this very moment—I was supposed to make this leadoff statement last night—in Lewiston, New York. The minister stated in the Legislature: "First, since the SCA request has proceeded to the hearing stage, I have decided that Ontario will intervene on December 1 to voice our concerns. . . Ontario cannot support a relaxation in these standards, so the ministry will be present to voice its position at the initial hearing."

The operative terms in the minister's statement are "The ministry will be present at the initial hearing." I have been to a number of these hearings. For those of you who have not, the initial meeting is one in which the tone for the full hearings is set. Anyone interested in the matter can make a presentation and the hearing officer takes these statements into consider-

ation. But, as I stated, the tone is set at the initial hearing. For the minister's intervention to be credible—and this is a very important question—he must have his legal staff and technical staff present day by day at the full hearings to testify, question information and cross-examine witnesses regarding the parameters which SCA is requesting be relaxed.

On July 24, 1981, the draft supplemental environmental impact statement, Proposed Modification to SPDES Permit No. NY 0072061, was released publicly. In this document is all the information the Ministry of the Environment could ask for to satisfy its hesitation with respect to legally intervening in the SCA hearing. If the Minister of the Environment does not legally oppose the proposal, then the present action will be viewed as being morally hollow and the lack of legal action will be almost criminally negligent.

The record of the government on the whole issue of pollution in the Niagara River has been negligent and reprehensible. On one side, we have the US government allowing increased pollution and, on the other side, the Ontario government, whose citizens stand to be most affected, sitting in tacit approval.

10:50 a.m.

In the same way the Ministry of the Environment's apparent lack of concern for the environmental protection of its citizens cropped up again this year during hearings on the proposed Hyde Park dump clean-up settlement. The proposed settlement between Hooker Chemicals of Niagara Falls, New York and the regional office of the United States Environmental Protection Agency and the New York State Department of Environmental Conservation requires a guarantee by Hooker's parent company, Oxydental Petroleum, to spend a maximum of \$10 million on building waste containment systems and monitoring and treating leachate, material that is leached from site by ground water, at the Hyde Park site. Hooker's liability is to end after 35 years or after the \$10 million is spent.

Fortunately, Pollution Probe and Operation Clean, with the invaluable assistance of Environment Canada officials, represented Canadians at the court hearings held in September in Buffalo, arguing that the terms of the proposed settlement would not adequately protect the Niagara River from pollution. Again, the question is, where was the Ontario Ministry of the Environment?

The Hooker Hyde Park dump site poses the

single greatest threat to the Niagara River and Lake Ontario and the safety of everyone who takes drinking water from these sources. No other landfill is as large, as leaky and as lethal as this particular site. Some of the most hazardous types of toxic chemicals ever mixed are buried at Hyde Park, including Mirex, benzene, lindane, mercury, C-56, and the deadly 2,3,7,8-TCDF form of dioxin. The Hyde Park dump contains an estimated 2,000 pounds of dioxin, believed to be the largest deposit of the chemical in the world. By way of comparison, it has been estimated that 130 pounds of dioxin were sprayed by the United States as part of the defoliant Agent Orange during the Vietnam war. By comparison, you can see that very minute quantities have a tremendous impact on the environment.

It has also been estimated by an Environment Canada official, Dr. Douglas Hallett, one of North America's foremost experts on dioxin, that only one tenth of a pound to one pound of dioxin has entered the Lake Ontario ecosystem. Yet from this small quantity concentrations have been detected as high as 1,200 parts per trillion in 1972 Lake Ontario herring gull egg and as high as 162 parts per trillion in a New York state testing of a trout caught off St. Catharines. Based on the terms of the proposed settlement, one only has to ask, did the Ministry of the Environment not realize what an additional 200 to 2,000 pounds of dioxin would do to Lake Ontario's ecosystem?

We have chastized the minister in the past month about this matter because his ministry neither intervened in the court hearings nor provided technical, legal or financial assistance to the interveners who represented the interests of Ontarians. We wonder if the minister is aware that lawyers for Hooker Chemicals advised the lawyers for the interveners that they were amazed and elated that the regional staff of the US EPA and the staff of the New York State Department of Environmental Control could not see through the weakness in their proposed settlement.

Hooker had been served much stricter conditions for sites it owned in Michigan and California, and the lawyers were surprised that it took Canadian environmental groups to question the settlement. Are the Ministry of the Environment lawyers not capable of seeing through such loopholes as the Hooker lawyers themselves negotiated? Once again we must ask, the Ministry of the Environment providing environmental protection to the citizens of Ontario?

In today's Globe and Mail we have learned that a key witness in the Hyde Park dump site case committed perjury. A Mr. David Twedell, private consultant to the US Environmental Protection Agency, the agency which, along with the New York DEC, established the terms of the proposed settlement with Hooker, lied about his academic credentials, claiming he possessed a bachelor of science and a doctorate degree in geology from the University of Houston when he had only a bachelor of science degree from that university.

Therefore, in addition to the previously noted lawyers' comments, a key witness, who was claiming he was something he was not, submitted evidence, written briefs and advice to the US attorneys who negotiated the settlement with Hooker. In essence, we have a situation of the blind leading the blind in order to assist the negligent.

Another matter to be discussed is the whole question of dioxin testing in fish from Lake Ontario by the Ontario Ministry of the Environment. On October 26, 1981, with considerable fanfare the minister made a statement in the House. At that time, he said: "In addition, the average level of dioxin was found to be 19.7 parts per trillion which is very close to the federal guideline of 20 parts per trillion. . . The average dioxin levels found, I would point out, are within but close to the guidelines established last July by Health and Welfare Canada. This guideline was set with a very substantial safety margin to protect public health."

The irony of this announcement by the minister is obvious. In July the minister released dioxin findings to the public on 113 fish samples taken from Lake Ontario and other areas. Our research staff later received findings for 117 fish, but we will question this numerical discrepancy later in the estimates.

What is most disturbing, of course, as my reader pointed out in his question of October 22 after the minister made his statement, is the dioxin data released by the Ministry of the Environment in July of 1981 was uncorrected data. The ministry in its inimitable way released data to the public which had not been corrected by numerical coefficients taking into account the dioxin which is lost in the detection procedure. Had the corrected data been released, the minister's data from July would have shown dioxin in the range of nondetectable to 31.7 parts per trillion, some 11.7 per trillion above the 20 parts per trillion federal guideline.

I would like to know why corrected data was not released in July. Had this happened, the minister could have related his concern vis-à-vis dioxin findings in fish to the public in July rather than three months later in October. Once again we must ask, is this environmental protection?

Finally, I would like to turn my attention to the question of acid rain. There are a few complimentary statements to be made about the Ministry of the Environment's recent actions with respect to the acid rain phenomenon. After many years there is now a control order on Inco, although it is one with which we disagree and one which appears to have been written by Inco rather than the Ministry of the Environment.

There is also a control order on Ontario Hydro, a crown corporation. Although here again we disagree with the limits set, it is a step in the right direction. We would, of course, like to see best-available-technology scrubbers installed on all coal-fired generating stations operated by Ontario Hydro in this province.

The bright note on the horizon with respect to ministry activities on acid rain is the fact that since March 12, 1981, the ministry has initiated in the United States legal interventions with respect to the many sources of sulphur dioxide and nitrogen oxides which cause acid rain in Ontario. We hope the ministry is successful in these legal interventions in spite of the fact that the legal quarterback in the whole matter, Mr. Graham Scott, the former Deputy Minister of the Environment, is no longer with the ministry.

Notwithstanding the complimentary statements, I have some other opinions on the acid rain issue. Since February 1981 the Ontario Ministry of the Environment has conveniently duped the public and the media into thinking that the province is making great strides in reducing the emissions which cause acid rain in Ontario, and that the United States is now to blame for most of our acid rain problem. The US produces more SO₂ and NO_x than Canada, but approximately an equivalent proportion of these deposits in each country come from domestic emissions. Ontario is by no means free of guilt in this whole process and the minister should be the first to realize this.

11 a.m.

The proof of this contention is found in the long-awaited report of the federal subcommittee on acid rain, Still Waters: The Chilling Reality of Acid Rain. The 150-page report, released October 8 in Ottawa, has the unanimous support of all nine members representing the

three national political parties. The report is not only hard-hitting, pulling no punches in its far-reaching recommendations, but it also provides a scathing attack on the excessively cautious policy of the Ontario government in its so-called war on acid rain. While the report firmly takes the US to task for spewing acid gas emissions on Canada, the subcommittee sensibly focuses on what Canada and Ontario can and must do to help solve the problem.

Let me refresh the memories of those members of the committee about what happened in the Legislature on October 13. My leader, Dr. Smith, accused the present minister, Mr. Norton, and former Environment Minister Dr. Parrott of keeping secret and not acting on the conclusions of a report commissioned for the Minister of the Environment which states that Inco could use current technology to reduce its SO₂ emissions to 850 short tons per day by 1985 and still remain the lowest-cost producer of nickel in the world.

At that time he made public the report, Nickel Market Conditions, Sulphur Dioxide Control and Inco Limited, by Brian E. Felske and Associates Limited, Toronto. This report, dated October 15, 1980, did not really come to any conclusions which federal reports had not already reached. However, it was the first such report commissioned by Environment Ontario to come to these conclusions and it substantiated the contentions made by my leader and others that Inco could and should reduce its emissions to between 700 to 1,000 short tons per day by 1985.

During the exchange in the Legislature that day, the minister appeared dumfounded when my leader released the report in the House. The minister stated that my leader was unjustified in suggesting that little or no action had been taken on Inco. Here I must remind the committee members that the present control order on Inco allows for SO₂ emissions of 2,500 short tons per day—approximately equivalent to the amount of sulphur dioxide emitted when Mount St. Helens erupted on May 18, 1980—with reduction to 1,950 short tons per day by 1983. On October 16 the minister accused my leader of undermining the integrity of the very strong position which Ontario and Canada are taking in Canada-US acid rain negotiations.

It is interesting to note that the report, Still Waters, contains this recommendation: "The subcommittee recommends that the Inco Limited smelter at Copper Cliff, Ontario, be compelled to reduce its sulphur dioxide emissions to

750 metric tons per day and that this level be attained within five years."

That same day the minister accused my leader of having loyalty south of the boarder and of jeopardizing Ontario's position in our acid rain talks with the US. If, as the minister contends, my leader's actions are jeopardizing any negotiations, then so are the findings and conclusions of the report, Still Waters. The minister must face the facts of the chilling reality of acid rain. The war on acid rain must also be waged on our own battlefield. We must ask ourselves, are our environment and the people of this province being protected adequately by the Ministry of the Environment?

I have highlighted a number of problem areas with respect to the environment of this province where I think the ministry has not provided adequate protection. During consideration of these estimates I look forward to further opportunities to question the minister not only on these matters, but on other questions of concern to us in relation to subsequent votes.

Mr. Riddell: A good presentation. Well done. It is certainly food for thought.

Hon. Mr. Norton: I am not sure whether the member is willing to entertain that at this point I be given a leave of absence over the Christmas vacation period or not.

Interjection.

Mr. Riddell: You do not like that.

Interjection: You had better believe it.

Mr. Eakins: That was one of the finest presentations I have heard.

Hon. Mr. Norton: I do not think I could have done much better myself actually.

Mr. Riddell: It must make the minister feel humble.

Hon. Mr. Norton: I have never been otherwise.

Mr. Riddell: You are somewhat embarrassed about the up-to-date programs of your ministry. However, let us carry on.

Mr. Kerrio: Here comes salvo number two.

Mr. Charlton: Mr. Chairman, Mr. Minister, I would like to start. I am somewhat at a disadvantage in terms of numbers and work but I would like to start by picking up where the minister ended off last evening when he said, "It is my hope that we can work together in a constructive and nonpartisan spirit to review issues such as acid rain and other pressing environmental problems." I want to go through

at in this statement today. I am not going to do a Mr. Kerrio did and try to deal with a lot of specific issues in this statement. We will do that over the course of the votes.

I want to talk about the attitudes that exist as they exist among the public and as they appear to exist in the ministry and make some comments about how I perceive we can accomplish what the minister has suggested he would like to see happen. I am not going to reread into the record all of the quotes Mr. Kerrio used because they happen to have been very appropriate to where I want to start. They are on the record now, but I want to go back to those quotes he read from Dr. Parrott when Dr. Parrott was expressing concern over the public attitude about "not in my backyard." We cannot necessarily fault the present minister for the development of that kind of an attitude.

I want to suggest that the public's attitude is the very key to what we are talking about here in relation to the Ministry of the Environment. Whether the minister likes it or not, the public attitude in Ontario is generally one of substantial mistrust of the things the ministry is or is not doing. That speaks directly to the success or failure of this ministry in my view, although there are a number of things that the ministry has done—and the member for Niagara Falls even applauded some of those things during the course of his comments—that have been very useful and headed in the right direction. On the other hand, in terms of the ministry's overall relationship with the public of Ontario, the ministry has failed.

I want to go into that in a little more detail and suggest why I think the approach the ministry takes—and again, I sincerely hope the present minister is in the process of changing that approach and changing some of the attitudes—is an approach, as again was suggested by the member for Niagara Falls, that the ministry is right and everyone else is wrong. What is reflected in the comments by the former minister about that attitude in the public, "not in my backyard," is that that public attitude and the hearings that result from that public attitude are a pain in the neck because we, the ministry, know what we are doing.

I want to suggest to the minister that the public attitude of "not in my backyard" is the very attitude that is going to force us in this province ultimately to deal with the problems he talks about so often, the problems of putting toxic waste into landfill sites at all. As long as that

public attitude exists, we will have to work towards those alternative solutions the minister took the time to mention in his opening statement last night. If that public attitude goes away or if your ministry finds ways to get around that public attitude, then our progress towards the alternatives will continually be deterred. That speaks to an attitude that is prevalent in the ministry.

On a number of occasions the minister has criticized the Leader of the Opposition (Mr. Smith), the leader of the third party, the member for Niagara Falls and myself as being irresponsible as a result of some of the things we have raised in the Legislature. I want to tell him that for the most part the majority of things we have raised in my time as the Environment critic, which is only since last April, are issues that have been brought to us by the public of Ontario. I think the member for Niagara Falls will concur with that.

11:10 a.m.

When we raised the whole issue of the Stouffville dump—I do not think Mr. Kerrio was at the public meeting in Stouffville, although his researcher was there and I was there—the comments and the questions we brought back were the comments and the questions of the people in Stouffville. The minister, on the other hand, took the approach that we were being irresponsible, were raising issues unnecessarily and frightening the public.

Again, I think the minister's perception of what is happening out there is the problem because we were not unnecessarily raising things. We were raising things the public had already raised and already had fears about and some answers to.

Mr. Kerrio: They came here to voice their fears.

Mr. Charlton: Exactly. We did not go up to that meeting and create it. We went up and joined it.

There is also a perception on the part of the ministry that is reflected in his comment that we were irresponsible and unnecessarily frightening the public. There is this attitude on the part of the ministry that sometimes a minimum of information is better than a maximum of information going out to the public, because you do not want to upset people unnecessarily. That is definitely the wrong attitude to take. What we have to deal with is not minimizing information but maximizing information. In the democratic

process the responsibility ultimately is with the public to set the tone, the direction, the urgency with which matters have to be dealt. The only way that can effectively happen is if the public has the absolute maximum of information.

In a democratic society it is not appropriate to assume that experts have a corner on the market for all of the answers. Yes, there is a place for expertise in everything in this modern, technological, complicated society, but the decisions ultimately have to be made by the public, especially when it comes to approach and urgency.

Mr. Kerrio: You see the odd bridge fall down, do you not?

Mr. Charlton: I want to raise another example of what I am talking about. Unfortunately, the Instant Hansards of the committees are not produced quite as quickly as the Instant Hansards of the House, so I cannot quote the minister exactly because it was an aside he made last night and not part of his statement. His aside was in response to a comment by the member for Niagara Falls with regard to the whole South Cayuga question. The minister's aside went something like, "The process worked very well, and we think that good process should continue."

The minister is forgetting a number of things when he makes that comment. Although the member for Niagara Falls likes to refer to the continuation of it as South Cayuga, phase two, we have now ended the specific South Cayuga phase of liquid industrial waste disposal in Ontario. But I want to remind the minister that the process we just went through was not a process that was created willingly by his predecessor or by the Ministry of the Environment. It was a process that resulted from that public attitude out there of "not in my backyard, please," and it was a process that resulted from public and political pressure in this province.

I want to cite to the minister a small quote from Mr. Parrott, his predecessor which, unfortunately, Mr. Kerrio missed. I said I would not reread all the quotes he read into the record, but I will read this one because it is very important and germane to the whole question here. "Based on these facts, I have decided that land in the South Cayuga area will become the province's permanent liquid industrial waste treatment facility."

Mr. Kerrio: An edict from on high.

Mr. Charlton: That was a very clear, decisive

statement. I could read the entire statement, but I will not bother. The minister can take the time at some point, if he wants, to read through the whole thing, but on the day his predecessor made that statement there was no intention of any hearings of any kind. In fact, on being questioned on that issue, the minister made it very clear, and if there had been no public pressure, if there had not been that attitude out there in the public of "not in my backyard," there had not been the political questioning going on in the Legislature here, what is now well known to have been a mistake would have proceeded.

That is the point the minister has to think about in terms of the attitude that exists and the approach of the ministry to questions like industrial waste disposal sites and the Niagara River. The minister has to sit down at some point and figure out why public mistrust exists in this province and what he can do to deal with that mistrust.

I want to go into a couple of other examples of the mistrust that exists. I mentioned a moment ago the whole Stouffville case. We have talked about that and I will talk about it again during the course of the votes, but I want to remind the minister of discussions we had around Bancroft and I want to remind him of a letter he sent me with regard to that whole scenario, which ultimately ended.

I also went up to a public meeting in Bancroft. I am not going to go through the process of quoting the exchange we had in the House a couple of days after I attended that meeting, but the minister in the Legislature again accused me of being irresponsible and of misrepresenting some things. He made some comment to the effect that I should be ashamed of the statements I had made to the press.

Hon. Mr. Norton: It is important to be specific if you are going to make those kinds of vague recollections because I think those are fairly serious suggestions you are making. I think it is important that you tie it in with a specific thing so that a response, if merited, can be made. In fairness, I think you ought to do that.

Mr. Charlton: That is what I am just coming to. The minister's connotation of irresponsibility was over the need to deal with the whole question of Malvern and getting that soil out of the survey.

Hon. Mr. Norton: That is not a correct

recollection. I have never suggested that dealing with the soil in Malvern was irresponsible.

Mr. Charlton: No, but you suggested that the fact I was raising opposition to moving the soil to Bancroft was irresponsible.

Hon. Mr. Norton: If you are going to make reference to those things, I think it is important again that you be more specific. In fact, I would be quite prepared to take the time for you to do your research appropriately and to quote from Hansard because I think these kinds of vague recollections of an exchange that actually took place in the House can sometimes inadvertently be very misleading.

Mr. Charlton: We can discuss the whole matter much more fully under the appropriate vote.

Hon. Mr. Norton: I think if you are going to raise them now, now is the time to discuss them fully; otherwise I would suggest it is not appropriate for you to be making those kinds of sweeping, vague recollections.

Mr. Charlton: It is not a very vague recollection.

Hon. Mr. Norton: Then tie it in with something very specific. Go back to Hansard and let us talk about it.

11:20 a.m.

Mr. Kerrio: Mr. Chairman, he is badgering the witness.

Hon. Mr. Norton: I am not badgering at all. I think it is an important issue. If he feels strongly about it, then we ought to be discussing it, but we ought to be discussing the specifics, not vague recollections, implying that I have said somebody is irresponsible because he talked about the problems of Malvern or because he raised the specific issue relating to Bancroft. I do not deny there have been occasions when I have implied or, in fact, stated that someone was acting irresponsibly, but it was not for those kinds of reasons.

I think it is important that we keep the record straight and not get off on tangents based on vague recollections. If you have not got the research staff to do your research, I will have somebody help you go back through Hansard if you would like to be more specific.

Mr. Charlton: It is not a matter at this point, Mr. Minister, of—

Hon. Mr. Norton: You are making it a matter at this point.

Mr. Charlton: Let me finish. That is something you frequently say in the House.

Hon. Mr. Norton: Yes, I do.

Mr. McNeil: With reason.

Hon. Mr. Norton: For a good reason.

Mr. Charlton: I will for the moment withdraw my vague recollections and we will deal specifically with the accurate data from Hansard under the appropriate vote. I did not raise the Bancroft issue; I just threw that in as an aside. That is why I have not used the Hansard quotation. I am raising the Bancroft situation now because of an attitude on the part of the minister, or at least an attitude that appeared to be coming from him on the whole Bancroft situation.

I attended the meeting in Bancroft. There was one of your colleagues from the Legislature there as well—as a matter of fact, two of them, Mr. Yakabuski and Mr. Pollock. They will both tell you the same thing, that there was a misconception on the part of the ministry about what was going on in Bancroft and that was reflected in your whole approach to the Bancroft question and to the Malvern soil. There is no question on anybody's part that something should be done to get the soil out of the Malvern survey. It was, however, perceived that what was happening in Bancroft was just an extension of the "not-in-my-backyard" syndrome.

What I am here to tell the minister—and I cannot quote from Hansard on this because this is what evolved at the meeting in Bancroft, of which I have no verbatim record—is that the people in Bancroft did not take, and as far as I know never took, the position that the soil from the Malvern survey should not go to Bancroft. I never heard that at the meeting, I never read that in any of the press statements they made and I did not hear that from the young gentleman who walked down from Bancroft and had a little episode out in front of the Legislature with some bags of radioactive soil from the tailings piles that had been set in a dump truck out at the front.

The ministry, and the minister reflected it in his whole approach to the issue, took the attitude without really listening to what they were saying, namely, that they were going to fight, as so many other communities have, to the death, but not against having that soil moved to Bancroft. That was not the case at all. What they wanted were basically two things, which are the kinds of things your ministry should be prepared to provide for people in communities across this province.

The first thing they wanted was an ironclad assurance that the movement of that soil from Malvern to Bancroft would never be used as a precedent for future movements. The second thing they wanted was an environmental study—

their obvious option was the Environmental Assessment Act—so that they could clearly know and believe in their community that the movement of that soil there and the use of that soil to cover up the tailings piles in the old mine site would improve the environmental situation there and not just cover it up. Those were very reasonable requests on the part of the people in that community. As I suggested, there was no mass movement. There were about 1,000 people at that meeting. Virtually everyone in that town was at that meeting. As a matter of fact, the local bar was closed because the owner and his waiters and waitresses were at that meeting.

Hon. Mr. Norton: Excuse me. Are you overlooking the fact that my ministry was not the proponent in that instance? The Atomic Energy Control Board was.

Mr. Charlton: No, I am not. I am just coming to that.

Hon. Mr. Norton: All right. Only very recently we have taken some initiatives.

Mr. Charlton: Everyone fully understood that the proponent was the AECB and that the proposal came from the AECB. Everyone at that meeting was very clear about that and very concerned about the board's unwillingness to attend and to talk to the people in the community. I will give the ministry credit. There were ministry officials at that meeting when the AECB refused to attend. I had discussions with some of your ministry officials who were there that evening.

The reason I am raising this issue here and now and the reason I am raising it at this point is that I was talking about the public mistrust which exists. It is a mistrust you are going to have to admit, whether you want to admit it during the course of these estimates or whether you just want to do it within yourself, and understand you must at some point overcome and deal with.

The way in which your ministry was pulled into that whole question, because the people there clearly understood where the proposal came from, was, as Mr. Kerrio has suggested, in the same way that many of the people in the Niagara area were disappointed at your lack of direct involvement in the Hyde Park question and a number of other things he mentioned. The people in Bancroft clearly felt that your ministry, even if you did not have the total and ultimate power to stop and/or override that proposal, should have been involved on their

behalf to wrench from the AECB the kinds of very reasonable assurances they wanted. That is why I raise it now.

My impression is there was a misunderstanding of what those people wanted. Everyone—the AECB, the federal minister and yourself—all seemed right down to the wire to think the people were going to fight in opposition to that soil ever being moved there. That is not the approach they were taking at all. That is why I am raising it now. It is my impression they were not being listened to very well at all.

Again, I raise that because of my concern about the public attitudes which are developing out there. In carrying that a little further, we had the same kind of development around Borden. People took the initiative there on their own, but they did not feel they should have to. Their feeling was that there should have been involvement by those whom they perceived should be there to protect their interests in relation to environmental issues.

For me the whole question of environmental progress, both in overcoming some of the fears which exist out there in the public, and in our ability to co-operate and work together, revolves around the attitude and the approach.

The member for Niagara Falls in his comments made it very clear there are a number of problems he is concerned about that he does not feel you have handled very well. In many cases I would concur with him wholeheartedly. On the other hand, I have a basic sense that your party, yourself, my party, myself, the member from Niagara Falls' party and himself honestly want to find ways to deal with the environmental problems that confront this province. It becomes then an attitudinal question, not only in relation to information and approach but discussion.

11:30 a.m.

If we are going to work together, then the co-operation has to go right down the line in terms of your listening to us, listening to the people of this province and providing us with information. That is one of the things that has not happened in the past and that, in part, is the point from which the public attitude of mistrust has evolved.

There are a number of areas, for example, on which your ministry has made comments in the past—again, this has nothing necessarily to do with you as the new minister—where there appears to be absolutely nothing happening and no follow-up going on. If there is, all we want to do is hear about it because until we hear about it we are going to be sitting here making the accusations that you are doing nothing.

I will throw out a few examples. Your ministry made a presentation to the select committee on Ontario Hydro affairs in July 1980. To the best of my knowledge and to the best that I have been able to find out, they made indications in that presentation that they were making a commitment to look into the long-term security of uranium mine tailings in Ontario. Yet it would appear—and I use the word “appear”—that the ministry is not doing very much in that area at all. If you are, we want to hear about it. The only public indications we have are on questions like the whole Bancroft question where the ministry appeared to want to make no comment at all.

As we perceive it from our side of the fence, there are things that should be going on, where the ministry has expressed the view that things will be going on but where nothing appears to be happening. The member for Niagara Falls mentioned the whole Hyde Park scenario and the sincere disappointment on the part of the people in that area that there was not direct intervention in a process that was very questionable at best around what is probably the most serious single environmental danger confronting the province at the moment. There was nothing done in that case to seriously assist the public assessment of your ministry's involvement.

The minister will recall the exchange we had over the study, which was not really a study but an accumulation of data that was done by the Timiskaming environmental action group, regarding acidification of lakes in Timiskaming. That whole question was not an attack on your ministry and should not have been taken as such. Things like that are prime examples of what has been happening in the province.

The minister will recall that although in the house he agreed with some of the statistics in that study, he also took issue with others and generally evaded the whole real purpose of that report. For example, at the press conference when the Timiskaming group released that study, there was a gentleman there—and I cannot even recall his name—from the federal-provincial task force on Inco. His comment at the press conference was very simply that the data which your ministry was putting out publicly was having a serious effect on the thought processes of the people on that task force in their assessment of the urgency of what they were doing. Those are the kinds of things which create the public mistrust.

The releasing of that report was not a

question of trying to spearhead an attack on anyone. It was an effort to try to update the public attitude, the attitude of individuals involved in the cleanup, about the fact that in reality the situation was somewhat more serious than it had appeared based on the information which had been provided publicly prior to that. That was the whole purpose of the study, and it all seemed to get missed in the exchange which went on at the time.

I have a number of specific concerns that we will go through during the course of the votes, but I think I have raised the basic concerns I have, Mr. Minister, with the way in which not only the relationship between the opposition parties and your ministry has gone on, but the way in which the relationship between the public and your ministry has, in my view, deteriorated.

I want to just re-emphasize that by saying it would be very useful on your part if you agreed when we are raising issues in the Legislature, especially on situations like Stouffville where there is very little real data available, that for the most part we are not playing scare games and we are not raising things that are not already out there. It would be useful if you understood, in the context of the way in which they are raised, that these are matters which are being brought to your attention by the public and not by some crazy member of the opposition who wants to score political points—and yes, I suppose we all do play that game. That attitude has to be changed in terms of how you view your responsibilities to the people of Ontario.

Hon. Mr. Norton: Perhaps at this point I could respond briefly to some of the matters raised. I will try not to deal with those things which we obviously will be going into in greater detail during the course of the discussions on the votes as set out in the estimates.

One matter that both critics have addressed is obviously a matter of great concern not only to myself but to all staff in my ministry. In fact, I think it could be generalized to apply across government as a whole not only at this level but at all levels. That is the concern relating to the question of scepticism or lack of trust, as it has been expressed and as it is particularly manifest in the efforts of our ministry and others with similar responsibilities in what has been described as the not-in-my-backyard syndrome.

11:40 a.m.

First of all, it is important to put that in context. It is by no means a phenomenon unique

to our experience in Ontario. It would be fair to say it is a phenomenon universally found throughout at least the western world and perhaps beyond. I have yet to visit a country where they are not having some difficulty in relationship to those same kinds of problems, even in jurisdictions like Denmark, where in the treatment of liquid industrial wastes or hazardous wastes they have had an established facility now for 10 years. This has emerged in candid conversation with the people in Denmark, although they have not had any difficulties with that facility over the 10 years it has been in operation other than perhaps an occasional incident from time to time in terms of communicating with the public with which they have been able to deal.

Nevertheless, they say, quite candidly, that they are not sure they could establish such a facility today, certainly not without a great deal of difficulty. It is a serious problem and it extends much beyond liquid industrial waste treatment facilities. It extends, as I am sure you are well aware, to the location even of sanitary landfill sites into which nothing but domestic waste will go.

In my own community at the moment the problem extends to matters relating to the disposal of sewage sludge. The city of Kingston may have to forfeit the amenities of modern life and stop using its sewage system if a solution is not shortly found. The other alternative is that the sludge may end up getting dumped into the St. Lawrence River, which is not an appropriate alternative either. But they are becoming progressively locked in by a problem which has not been created by us, but which exists in that instance among municipal governments. It is one in which we have attempted to be helpful, but the problem continues to escalate.

I do not know what the solution may be and I wish I did. Obviously, one has to strive to establish improved credibility, but I think it is also something for which we all as servants of the public have to bear a sense of collective responsibility.

I do not by any means mean to be provocative in what I am about to say, but I know of some of the efforts that have been made in the past. For example, I understand, although I was not in this ministry at the time—and I can assure you this information did not come from staff in the ministry—that at the time the MacLaren report was issued there were members of the Legislature who visited those seven communities or so

mentioned in the report and overtly encouraged the development of resistance in those communities.

Maybe I am a little too suspicious about some of these things once in a while, though I try not to be, but that raises in my mind that where we know communities are going to be concerned there is surely a collective leadership responsibility not to mislead anybody, but rather to try to maintain a balanced perspective when we approach the public as elected members. Perhaps "irresponsible" is too strong a word, but is in those kinds of instances where I am often tempted to use that word.

I question the wisdom in the long term really trying to find solutions from public officials or publicly elected persons when they are apparently taking as their initial step attempt to generate opposition in communities where there has not yet been even an opportunity to embark upon an information and public discussion program.

I have heard from members whose riding were mentioned in the MacLaren report that they were deeply concerned about the fact that colleagues from the Legislature took it upon themselves to take that approach. In so far as it is a problem, and I acknowledge that it is, as one we must attempt to address, I do not know whether we can ever hope to succeed unless we are prepared somehow to take perhaps a more mature approach to our responsibilities as public leadership, and that includes the area of communication.

Stouffville is one area you mentioned. I think in that particular instance there has been a great deal of effort put into trying to communicate with the residents of Stouffville through the municipal government and through communication with citizens' groups the fact that it was only we were deeply concerned, but we were putting a great deal of effort into trying to ensure there was no threat to their domestic water supply. For a long time that was particularly successful. There are obviously very strong emotional factors that are not necessarily overcome by factual information.

How one counteracts that, unless we somehow work together, I do not know. I am not saying you have to agree or everybody in the Legislature has to agree with what we are trying to accomplish, but I would hope when we engage in public communication and dialogue on matters critically important to communities like this that we ensure we do it in a balanced way. I am well aware of the concerns that e

the community of Stouffville, for example, and I can understand them. I think I can say without any reservation that I have far more relatives living in that community and drinking at water than all of the other members of the Legislature combined from my 93-year-old grandmother down to my grandnieces and nephews. I am sure they share some of the anxiety in that community. In fact, I know that some of them, by virtue of my being in my present office, get more calls from people in the community, something to which I would rather they were not subjected, but I suppose it is impossible to escape that.

Mr. Charlton: It is something they should not be subjected to; you should be.

Hon. Mr. Norton: That is right. I do not think they should be subjected to it. However, in a situation like that it seems to me there is more than just a responsibility to listen, but also one to engage in two-way communication, unless all members of the Legislature believe the efforts that have been taken to monitor that situation are totally invalid, testing the water on a regular basis and doing a very wide range of test.

I happen to believe there is much more integrity within this ministry than some individuals would give it credit for. I think, without exaggerating, we have some of the very best qualified of people anywhere in the province dealing with some of these things, and I realize experts do not determine all the issues or do not solve all the issues.

Mr. Charlton: They do not always get their way either.

Hon. Mr. Norton: That is true; they do not or should they. In terms of assuring the public, not in the sense of giving them the most false sense of security, but in the sense that there are concerned people who are watching the situation and trying to address their concerns, it would be very helpful if we could collectively take that as part of our total responsibility.

10:50 a.m.

If you do not agree on specific policies, that is one thing, but as far as the kind of responsible technical effort which goes into dealing with some of these situations is concerned, I think if you are prepared to understand it and if you do understand it and accept it in your own mind, the role of being Her Majesty's loyal opposition should not be taken to the extent of failing to communicate such efforts to people to ensure there is a fully informed public that may then hope to develop a fairly balanced perspective even though the issues may be very emotional.

Some of the things you have raised were provocative. I will not necessarily address all of the provocative issues at this point. Some legitimate concerns have been raised about South Cayuga, for example. I do think it is important that we recognize the criticisms which may be levelled at the way things have been handled in the past. I recognize that my predecessor in this ministry made what I believe were some courageous and timely decisions. I would hope that in the event I had before me the information he had before him a little over a year ago, I would have the courage to make the same kinds of decisions.

I do not think South Cayuga was a wrong decision or an error or whatever the expression was that was used.

Mr. Kerrio: Could I ask you a question on that, Mr. Minister? Would you not find it very easy to put some commitment into your regulations to the effect that you would never again attempt to put any kind of environmental processing plant, equipment, site or whatever near our waterways? It is a very deep concern. Let me add one dimension I want you to answer at the same time. When I go along and see these things right on the banks, I find it very offensive. To the uninitiated, if there is a plant that close, there are bound to be the kinds of problems which have developed on the other side.

There is another thing I would like to say to you about South Cayuga and ask you a question so you may answer it. I do not think the public would have objected so much if you had taken a reasonable study and had seven or eight sites in mind and then told the people of Ontario you were going to be very fair about this and the place chosen would be the one which might best contain these dangerous substances. The minute you zero in on one site, you eliminate anything that might in the perception of the public be considered to be in the best interests of all of Ontario. Those are the matters I find hard to live with.

Hon. Mr. Norton: I think that is a legitimate difference of opinion about the approach which was embarked upon. I suppose we could debate from now until the end of the estimates whether or not one approach was preferable to the other. I think that the concern about the proximity to waterways is a legitimate one. However, it is interesting to note that what are the two leading industrial waste treatment facilities that are frequently talked about, the one in Germany and the one in Denmark, are both located on

water. In Denmark it happens to be on the sea, but in Germany it is on a much smaller stream than was the case in South Cayuga.

Mr. Kerrio: That is what Cousteau said. They get near the sea so they think it is going to disappear, but it is now reaching the farthest corners of the universe.

Hon. Mr. Norton: Those both have a record of safe operation over a number of years. I think it really depends on the sophistication and the safety of the technology in the development of any site. I am not sure that one can arbitrarily preclude locating—

Mr. Kerrio: Beside water.

Hon. Mr. Norton: —beside water. I would not say that that was necessarily—

Mr. Kerrio: You will have to forgive us for this thinking. Do you know how it started with me? They transported PCBs from North Bay, took them over the International Bridge and deposited them on, you might say, the banks of the Niagara River.

Mr. Chairman: Not from North Bay. Only good things come from North Bay.

Mr. Kerrio: The good things stay. They sent the PCBs south. Mr. Minister, we could be accused sometimes of overreacting or perceiving concerns that you may think do not exist, but that instance happened. They hauled them down there, crossed the bridge with them and put them adjacent to the river.

Hon. Mr. Norton: I have acknowledged that I think the concern you raise is legitimate. It is something that has to be taken into consideration.

Mr. Kerrio: That is fair.

Hon. Mr. Norton: But I do not think one can arbitrarily say under no circumstances. There are many other factors that have to be assessed.

Mr. Kerrio: True, but you are presuming they are all going to have the integrity that they will never leach. I am suggesting, even with my limited knowledge of geotechnics and the physics of hydraulics, that if I get it the hell away from the water, it is going to have a harder time to get into my drinking water.

Hon. Mr. Norton: That does not necessarily eliminate that concern because your drinking water may not come from a river. Therefore, our overriding consideration may well be the quality of the clay, for example, in the area in which it might be.

Mr. Kerrio: What I would be looking for is the integrity of the landsite.

Hon. Mr. Norton: That is precisely what was done at South Cayuga. The type of clay indicated in that area in the preliminary report was probably one of the best examples of that type that could be found in Ontario. What was not revealed in the earlier reports, of course, was the presence of the drumlins, which was a significant factor.

It is all right for you to say you were right a year ago and we were wrong. Although I have tried not to put you down when you make those claims as I like you to get whatever credit you wish to claim, the fact of the matter is your position a year ago was not based on that kind of knowledge. The decision taken by my predecessor was based upon preliminary information subject to further investigation of the site, as has been indicated; but it was based upon the preliminary reports with respect to the quality of the clay in that area and other considerations. Unfortunately, the suitability of the site was diminished because of the presence of the drumlins, which were buried. Mr. Charlton told me he had seen them when he was a child, but I do not think he was a child a million years ago or whenever was that they were exposed.

Mr. Charlton: I specifically stated to the minister that I did not see drumlins on that specific site you explored. I will not have the opportunity to travel home until after tomorrow, but since the Ontario Waste Management Corporation is the last item, I am going to attempt to find one of my old geography books dealing with the glacial plain in southern and southwestern Ontario. Perhaps we can tabulate that.

Hon. Mr. Norton: We have drumlins in eastern Ontario too, but we do not know where the buried ones are. That is the point I was trying to make.

Mr. Riddell: Thank God for the drumlins. I sure got you people off the hook.

Hon. Mr. Norton: What do you mean by getting us off the hook?

Mr. Riddell: It is letting you away without a high degree of embarrassment about the whole situation.

Hon. Mr. Norton: Everybody is still on the hook. We still have the responsibility to find the site.

Mr. Kerrio: Mr. Riddell is suggesting they are related to the leprechauns.

Hon. Mr. Norton: I claim no Irish blood. There may be some, but I am not aware of it.

The member for Niagara Falls has expressed his concern that we were not more visibly involved with regard to the Niagara River and that we did not intervene in the past. I am sure that in his less aggressive moments perhaps he would acknowledge that does not mean we were not involved at all.

2 noon

Obviously, there has been a considerable amount of lower profile work that has gone into the Niagara River both with the Americans and on this side over a protracted period which has not up until recently included the decision to become involved formally in interventions. I believe the time has come for more overt involvement.

Mr. Kerrio: You know that Casey Stengel said, "Nice guys do not win ball games." Grossman says, "Let's play hardball." You have to sort this out.

Hon. Mr. Norton: There are other considerations. For instance, you might wonder why I waited as long as I did yesterday even to indicate our intention to be involved. One of the things I had to bear in mind from a strategic point of view is the fact that there had been a commitment made to a meeting with Governor Carey and Commissioner Flack. I had wished that meeting might be held earlier than this as I have some hope that from that meeting will come the opportunity for some positive commitments.

Mr. Kerrio: And here I thought you were putting it off so that you and the Premier could fly there in your new jet just because I told you that the runway is 9,900 feet long.

Hon. Mr. Norton: You did not tell me that. I did not wish to appear to be escalating the situation to the extent that it might jeopardize those meetings in any way. However, it reached the point where obviously these hearings were about to begin and I did not want to prolong the decision to the point where it was too late even to intervene on December 1. The meetings are still going ahead, but I simply could not wait.

I would like to have had the meetings earlier because out of them something might have come which would have altered the strategy in some way. Since that did not happen I have indicated what the strategy is going to be and what our course of action will be, and we will pursue that. It is always possible, I suppose, that the meetings might still be very productive and that some modification in that strategy might happen. But I think you should understand it might not have set the best tone for productive

meetings if I had made the announcement a month or two ago and then turned around and gone into the meetings in the hope of arriving at some significant new commitment.

Mr. Kerrio: I understand elected representatives on the other side had some feeling that it would help their cause and help others who were interested in cleaning up that situation to become more involved if this province and/or the government of Canada were to participate. They felt it would give added significance to the hearings. That feeling was transmitted to me on more than one occasion by three or four different members of government on the other side.

How do you react to that concern if I were to agree with what you have suggested, that you should take the diplomatic route and do what could be done, while I was out there blustering along in my own way to make them aware of what was happening?

Hon. Mr. Norton: I do not mean to suggest that I see the two things as mutually exclusive. It was a question of timing really that was on my mind at that point.

Mr. Kerrio: Just in keeping with what we are talking about, Governor Hugh Carey says that New York state is going to crack down on the polluters and set its own standards for discharges, bypassing federal guidelines. Your representative suggests that, and I am going to read this into the record in just a moment as this is very important.

Hon. Mr. Norton: Who is my representative who is being quoted?

Mr. Kerrio: At the hearings.

Hon. Mr. Norton: Oh, yes.

Mr. Kerrio: I suggested Governor Carey's position and stand. However, Assistant Deputy Minister Giles of the Ontario Ministry of the Environment said, "Any discharge adds substances to an already burdened river; hence the need for strict controls." He said, "Ontario has a big stake in the Niagara River and Lake Ontario and any proposals to allow more effluent is of great concern."

He is following the same sort of quiet route you are taking, whereas I said the present situation is both intolerable and unacceptable. I feel I am closer to the feeling of the governor of New York state and you are somewhere in the middle, which is usually the Liberals' role.

Hon. Mr. Norton: You have never been in the middle in your life. You know that.

Mr. Kerrio: I said the Liberals' role.

Hon. Mr. Norton: I see. I think it is really just a matter of diction. I do not think the message is significantly different. The choice of language is a little different.

Mr. Kerrio: But the governor's position is quite interesting, is it not?

Hon. Mr. Norton: Yes, very interesting.

Mr. Kerrio: He must be an old football player too.

Hon. Mr. Norton: I think it is encouraging. I hope that the governor will be able to follow through with that commitment.

Mr. Kerrio: Yes.

Hon. Mr. Norton: One of the particular concerns I have is the difference between the two systems of government, given the checks and balances that exist in the United States. It is sometimes much more difficult for their governments to carry through with decisions like that than it is on this side because they might find themselves tied up in court for a very lengthy period while another branch of government reviews what they have decided to do. However, we have embarked on a course and we intend to follow it through.

I think I have explained previously, both in the House and elsewhere, the reason for the decision to intervene on December 1. In fact, I know I did because I explained it to your very capable researcher, and that gave rise to a very welcome question in the House on the subject. I think that was the correct decision.

We have also communicated with individuals who will be involved on December 15. We indicated our willingness to support their effort both financially and in any other way that we can, whether we ourselves are going to be able to intervene or not. At this stage I think that is as far as we can go with regard to the fifteenth, but we will begin immediately to prepare for any future hearings.

Our record with regard to sulphur dioxide emissions in this province is a concern which is raised repeatedly. We will probably get a chance to deal with that in much more detail in the specific estimates vote. However, when we talk about Inco and Ontario Hydro and other sources in the province, it is important to recognize that Ontario has a good record, particularly in the last decade.

12:10 p.m.

We can give you figures—I do not have them in front of me at the moment, but we will get them—which show that over the past 10 years

we have reduced our emissions by about 50 per cent. When the present regulations or orders are met, that will constitute about a further 25 per cent reduction. That is not the end. We have no intention of regarding that as the end and neither do those parties, Inco, for example, that are subject to the orders.

We can debate whether the Felske report is a viable technology that could be imposed today or tomorrow, but that is something which is being reviewed by the Canada-Ontario task force in its effort to come up with recommendations as to the best available technology to further reduce emissions from smelters. In spite of the fact that I had not seen it when it was raised in the House by the Leader of the Opposition (Mr. Smith), the Felske report had been commissioned by the ministry. There was some suggestion that Dr. Parrott had been sitting on it, but it had not been received by the ministry while he was still minister, as I understand it. It was received shortly after I became minister and was forwarded to the Canada-Ontario task force for which it had been originally commissioned.

Although I was not familiar with it at the time, I am not surprised at what happened. I think the way in which it was dealt with was appropriate and it will be part of the material and various consultants' reports that are being dealt with by the task force. They are supposed to be bringing in their recommendations early in the new year. I think February was their target.

Mr. Kerrio: I thought it was in the fall.

Hon. Mr. Norton: I think there have been some indications, although I have not received them directly, that there may be some delay and they might miss their February target.

Mr. Kerrio: Was it not slated for September or October?

Hon. Mr. Norton: No, I think it was slated for February originally. Is that not correct? I think they are now saying the spring.

Mr. Kerrio: Mark was just bringing to my attention that the press release said September 1981.

Hon. Mr. Norton: Which press release was this?

Mr. Kerrio: When that was going to be released. You could check it.

Hon. Mr. Norton: I can check that, but it has been my understanding that they were to report in February and perhaps with some lag time leading into the spring. In any event, we will use

whatever is the best technology. It is not a question of delaying it. I think Inco is working on bringing its emissions down to the target that has been established for next year and I am confident Inco will meet that. I also happen to be aware of the fact that they are making a considerable effort through the investment of their own resources in looking at technology beyond that target.

Mr. Kerrio: Are all new coal-fired plants in the United States obliged to meet those stringent regulations relating to emissions of sulphur dioxide? I thought the big problem there was that they were trying to keep the old ones on stream because the regulations are so difficult on their new installations, something we do not have.

Hon. Mr. Norton: That is the bulk of the problem.

Mr. Kerrio: Yes.

Hon. Mr. Norton: Those which were in existence prior to 1977 have been granted extensions and could be granted extended exemptions for five-year periods indefinitely.

Mr. Kerrio: While we are on the subject, that brings me to the point I was going to raise. I suppose that a minister should be allowed a certain amount of poetic licence when he is making his statement.

Hon. Mr. Norton: I notice that the opposition critics are not too restricted in that field, so I suppose I ought to have some.

Mr. Kerrio: You made a statement that says, "Parenthetically, I might note that Hydro's emissions would nearly double today if the current energy produced by nuclear production were to be produced by coal-fired plants." I want to add to that a dimension that was left out. If you had done it with hydraulic plants there would be none at all.

Hon. Mr. Norton: That is right.

Mr. Kerrio: Coming from Niagara, I always have to make that point.

Hon. Mr. Norton: But you would not want us to shut the falls off completely would you? I do an open-line radio program once a week and I have a constituent who phones me repeatedly—

Mr. Kerrio: He wants to block off the falls.

Hon. Mr. Norton: That is right. He keeps telling me that there is a great deal more potential in the falls than is being tapped.

Mr. Kerrio: He is from Smiths Falls and he wants to have that the biggest in Ontario.

Hon. Mr. Norton: Given the energy situation, he feels one of the seven wonders of the world could stop flowing in order to keep us—

Mr. Kerrio: Actually, we turn it off at night.

Hon. Mr. Norton: Oh, yes, I realize that.

There was one other thing you mentioned. To some extent, it was one of the more provocative ones. I do not want to deal too extensively with it, but you made reference to the new regulations I announced in the House this week and you made it sound as if it was an arrogant act, an arbitrary use of power and so on.

Mr. Kerrio: I suppose you could interpret it that way.

Hon. Mr. Norton: I am just repeating what you said. That was not my interpretation.

I am sure that in other than your official role as an opposition critic you would be willing, I am sure, in moments of relaxed rationality to admit, given the situation that exists, that was a reasonable course of action to follow. Other than if Mark really did work on you and convinced you to do it to the contrary, I do not think even you would feel we ought to embark on a course of action that jeopardized the people of this province and industry, employment and so on.

I think you ought not to overlook the fact that the regulation that has been put in place is a pretty comprehensive regulation and probably puts those sites—in fact, I am convinced it does put those sites—in an even better position in terms of public protection and safety than had been the case in the past. The basic issue involved is not one of whether those sites are safe or not. That has not been raised as an issue. In fact, they have been closely monitored, and I think one can say with confidence that they are not presenting a risk.

The concern we had was that on the basis of problems that had arisen in the past with what I refer to as "clerical errors"—and precisely that in some instances—there might be what one would describe as problems in title as far as the permits were concerned. I determined it was necessary to correct that.

There will be no relaxation as far as safety is concerned. It does not, as someone suggested, authorize unlimited dumping; it will be a very controlled situation. In the interim, while we continue to work towards putting in place appropriate treatment facilities, I think that is a responsible thing to do.

Mr. Kerrio: I am concerned about how that would reflect on waybills, records management

and something I hope you are looking to, namely, to follow contaminants from their initial involvement in an industry right through to their destruction or disposal. I just do not want to have that vehicle upset in any way during the formulating of what might be a responsible way to look at contaminants. We do not say it has to be brought to the minister's attention that there might be barrels of contaminants in Windsor and we do not have a real record of them—when they were brought in, how they were to be disposed of or whatever—and then if that paperwork gets lost along the way, we are now going to look the other way. I was hoping we would reinforce the responsible handling of paperwork to begin to follow the chemicals through, which has not been done and which needs to be done in the future I would say.

12:20 p.m.

Hon. Mr. Norton: I think that if you look back over a period of time and see where we are at present you would acknowledge that the situation is much better in having the waybill system now on the computer. We can punch it out and find out what has gone into various sites. Although this regulation does not achieve the cradle-to-grave objective—if anything it moves towards a tightening up of the record keeping—it certainly is not in any way jeopardizing that.

The regulations which will be necessary for what we were referring to as the cradle-to-grave monitoring of contaminants, of toxics, is being worked upon now. I do not know exactly when we will have them ready to be brought forward, but they are being worked upon. So that commitment remains.

Mr. Kerrio: I am sure that your ministry is thinking in terms of following toxics through. I wonder if your ministry is also going to add a dimension to that which would have industry have a greater interest in what happens if there were some kind of deposit on those toxics, so in the result they would get a return on their money if they followed it through and they would not gain by throwing it away.

Hon. Mr. Norton: I do not know that has been considered, but the other alternative, of course, is that they have something to lose if they do not.

Mr. Kerrio: I am considering that if a contaminant were to come on the market and you are going to follow it through to the ultimate end with proper paperwork, if there was an advantage to the individual in recovering some

of the money he would somehow have left on deposit, it might be more of an incentive not to lose the paperwork or the contaminant.

Hon. Mr. Norton: Yes. That may be a rather complex concept to implement.

Mr. Kerrio: That may be.

Hon. Mr. Norton: For one thing the deposit would have to be of a magnitude to make it well worth while.

Mr. Kerrio: It is strange what motivates people—other than the NDP.

Hon. Mr. Norton: Do you mean it is not strange what motivates them?

Mr. Kerrio: You have to sort that out. It was not uncomplimentary.

Hon. Mr. Norton: I should have thought that was one of the strangest and most complex motivations I have ever encountered.

Mr. Charlton: Do you mean you did not intend it to be then?

Mr. Kerrio: That is right.

Mr. Charlton: Your inadvertence is acceptable.

Mr. Kerrio: Think about it. If the contaminant was worth something at the end, they would as soon not spill a drop.

Hon. Mr. Norton: No.

Mr. Kerrio: Think about it. Put it into that big machine and run it through.

Hon. Mr. Norton: The other area about toxics which causes me concern as a layman—and I am sure it concerns others who are no laymen—is the whole question of the adequacy of knowledge about new chemicals which are coming on to the market. If I am not mistaken, I shared with you a copy of the letter which I sent both by telex and by mail to the Honourable John Roberts. It was also part of the discussion we had in our meeting on Monday morning.

Mr. Kerrio: I had a terrible time with the Tory who was there before. I could not get anywhere with him. Of course he was not there long enough to really get his feet wet.

Hon. Mr. Norton: Even John Roberts publicly pays tribute to him. I cannot understand why you have had difficulty.

Mr. Kerrio: Is that right?

Hon. Mr. Norton: Yes. He attributes to him having really put the federal government on the track of such things as acid precipitation, taking major initiatives which—

Mr. Kerrio: You see why we have trouble with our federal brethren? How could he do something like that?

Hon. Mr. Norton: He is an honest man at times.

Mr. Kerrio: Oh, okay.

Hon. Mr. Norton: I do not know whether there is anything else.

Mr. Kerrio: I have one more question on your presentation.

Hon. Mr. Norton: All right.

Mr. Kerrio: If you would turn to page 43, at the top. I will read it to you; it is very short. "While we have been fortunate that drinking water supplies drawn from the Niagara River and Lake Ontario continue to meet drinking water criteria. . .there is a potential and serious problem if the long-term contaminants are not controlled."

The point you have made there is that you consider the drinking water safe. That is quite a controversy now as it relates to the Niagara River and Lake Ontario, and people on the other shore are getting concerned.

There is a bit of a contradiction there because in the sports fishing program it says: "I would like to mention briefly the status of Ontario's ongoing sports fishing program. It is designed to protect the public from consuming fish which may contain high levels of contaminants." These are not flying fish. These are the little scals that are swimming around in the water that we drink.

Mr. Riddell: What is good for people is not good for fish.

Mr. Kerrio: That is sort of a contradictory statement.

Hon. Mr. Norton: It is important that you understand the food chain that is involved here. Some of the contaminants may not seriously affect the drinking water. In fact, they may be undetectable in drinking water, but they may attach to sediment or they may become part of the food chain in some way. The fish then get their concentrations of contaminants from different sources and, because they become concentrated in the fish at certain levels, that then becomes a problem. It is not because the fish drink water necessarily.

Mr. Kerrio: No, I was not suggesting it was. I am not sure that they do drink water. The point I am trying to make is they are in that environment. Maybe there is no relationship—

Hon. Mr. Norton: They are in that environment. I am not an expert in this field and if you would like me to get into that in greater detail later on, I can call upon some people who are much more knowledgeable than myself.

Mr. Kerrio: But it appears to be a bit of a contradiction.

Hon. Mr. Norton: Sure, but I do not think it is a contradiction. For example, you can test water for dioxin and not detect any, but you may find some dioxin in the sediment—

Mr. Kerrio: In the sediment, sure.

Hon. Mr. Norton: —or you may find dioxin in some of the plant life, or in—

Mr. Kerrio: Gulls' eggs.

Hon. Mr. Norton: —whatever the fish feed upon, and that may be the source from which they get it. Dioxin, for example, has a very short half-life.

Mr. Kerrio: The message is you can drink the water, but do not eat the gulls' eggs or the fish.

Hon. Mr. Norton: It is getting better generally, I think.

Mr. Kerrio: Yes.

Hon. Mr. Norton: It is probably safer to eat gulls' eggs now than it was five years ago. Things are improving. Do not lose sight of that.

Mr. Kerrio: Yes, that is very important.

Mr. Chairman: Particularly for all those gulls' egg lovers who are scraping about out there.

Hon. Mr. Norton: We will catch Mr. Kerrio out there, crawling along the shore trying to find gulls' eggs.

Mr. Kerrio: No, that was not my job.

We have a few minutes to go. I imagine—and Mark has brought it to my attention—we should maybe readjust the timing. Do you want to look into that, Mr. Charlton? If the minister would reach a consensus with us now, we could probably get into the votes at the next session.

Hon. Mr. Norton: I certainly hope so.

Mr. Chairman: I had rather thought we had a fairly good discussion so far.

Mr. Kerrio: The minister ran the clock and now we can get on with the business. Do you want to make any comment, Mr. Charlton, about what you feel we should do with the votes? We have, what, 10 hours left, Mr. Chairman? We have to go through four votes.

Mr. Charlton: Why do we not just make it four, four, one and one?

Mr. Kerrio: Yes, on the basis of one and one and four and four. In those areas we do agree.

Mr. Chairman: Yes.

Mr. Kerrio: Mr. Chairman, if you would allow me, what is left is 10 hours. On 2101, one hour; 2102, four hours; 2103, one hour; and 2104, four hours, would give us our balance of 10 hours. Would that be acceptable? We could start then on Thursday evening.

Mr. Chairman: Are you suggesting that this is a firm time schedule you want to adhere to?

Interjections.

Mr. Charlton: Let it be a guideline for the moment. We may have to make some decisions based on motions and—

Hon. Mr. Norton: You have had to adjust it twice already.

Mr. Charlton: Yes, that is right. We have a motion we are going to be dealing with tomorrow night.

Mr. Kerrio: We just want to show you how co-operative we are.

Mr. Chairman: I think what you are saying is

you would like the chair to adhere to this as best as feasibly possible.

Mr. Kerrio: If the minister agrees.

Mr. Chairman: If the minister agrees, then I have no difficulty with that.

Hon. Mr. Norton: I have no problem with that. In fact, I always regard myself as being in the hands of the committee. I am your servant.

Mr. Kerrio: This is enough to get me back to my old kind of attack. It does not augur well for the people of Ontario to have Her Majesty's loyal opposition too co-operative, does it, Mr. Charlton?

Mr. Charlton: Sometimes yes, sometimes no.

Mr. Kerrio: It is negotiable.

Hon. Mr. Norton: You missed the whole point of my remarks earlier this morning. I was suggesting it would be in the best interests of the people of Ontario if you were a little more co-operative once in a while.

Mr. Chairman: We will adjourn until 8 o'clock tomorrow night.

The committee adjourned at 12:30 p.m.

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No. R-13

Legislature of Ontario Debates

Official Report (Hansard)



Standing Committee on Resources Development
Estimates, Ministry of the Environment

First Session, Thirty-Second Parliament
Thursday, December 3, 1981

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, December 3, 1981

The committee met at 8:07 p.m. in room B. 228.

ESTIMATES, MINISTRY OF THE ENVIRONMENT (continued)

The Vice-Chairman: We will call this session to order. First, I believe we agreed to deal with Mr. Laughren's motion from Tuesday evening. I suppose I should read this so everyone knows what we are talking on.

Mr. Laughren moved that Mr. Fahlgren, chairman of the Royal Commission on the Northern Environment, be invited to appear before this committee to enable him to share his views of his activities and the plans of the commission.

The minister has some comments he would like to make at this point.

Hon. Mr. Norton: Thank you, Mr. Chairman. When the motion was made on Tuesday evening, I asked that I be given an opportunity to discuss it with the Attorney General (Mr. McMurtry) and seek some advice. The much more frequent reporting relationship from royal commissions, of course, is through the Ministry of the Attorney General. I wanted the benefit of his advice and views on the subject.

It would appear that requesting, inviting or requiring—whichever—

Mr. Laughren: Inviting is the word.

Hon. Mr. Norton: I know what it is in this instance—but in general, having a royal commissioner appear before a committee is unprecedented. In fact, there is apparently a long-standing convention that commissioners are not called upon, prior to the production of their reports, to explain the internal proceedings of their work and the evidence they may or may not have gathered at a given point in time.

There is a very good rationale for that, the rationale being that the purpose of a royal commission is primarily to undertake an investigation or a task and to work outside the political and legislative context without any interference or intervention or appearance of interference or intervention. To expect them to come forward during the course of the discharge

of their mandate could very well jeopardize that independence.

8:10 p.m.

The Attorney General made a statement in the Legislature on May 11, 1979, in response, I believe—I am not familiar with the entire background—to questions that had been raised with respect to the Royal Commission on the Northern Environment and another commission.

Mr. Laughren: What year was that?

Hon. Mr. Norton: May 11, 1979.

The Attorney General said then: "To understand the need that royal commissions be independent, one only has to consider the nature of the matters with which they are charged. They...encompass a wide variety of subjects and include (the investigation and consideration of) matters of major public concern and interest, matters relating to the conduct of government itself and...matters relating to the conduct of the judiciary.

"The initiatives of government to ensure effective spending of public funds must not fetter a royal commission to the extent that it will not be able to effectively and properly discharge its mandate. In this regard, the government introduced guidelines for royal commissions in the manual of administration on July 20, 1978. The purpose of these guidelines, as stated in the manual, is 'to ensure the efficient expenditure of public money.'"

I am not precisely sure of the extent or nature of the concern on the part of members of the committee. There are procedures in place to ensure the effective expenditure of public funds through royal commissions, but not through the particular type of process that we are engaged in at the moment other than, presumably, to direct those questions that can be answered by the minister—acknowledging the independence of the commission—to the minister.

One other document I would like to quote from is a letter I received from a law officer of the crown. Much of the opinion I received does not deal specifically with this issue, but there is a paragraph or two that does deal specifically with the matter that is before us. This is acknowledging that anyone is compellable as a

witness before the Legislature or a committee of the Legislature, and that is what is being put in context in this paragraph.

The letter says: "Put in the context of a royal commission and bearing in mind that the essential ingredient of such an inquiry is its independence, it seems inescapable that if, in fact, Mr. Fahlgren were examined and gave testimony before the standing committee, his royal commission could be prejudiced and the independence thereof jeopardized, to say nothing of the resultant waste of time," et cetera.

Mr. Laughren: Who is that from?

Hon. Mr. Norton: This is from Julian Polika, the director of the crown law office.

Mr. Laughren: The Attorney General's office?

Hon. Mr. Norton: Yes, in the Ministry of the Attorney General.

Mr. Wildman: Mr. Fahlgren cannot talk to any members of the Legislature at all?

Hon. Mr. Norton: No, I do not think that is what they have said. They are talking in terms of inviting or requesting or requiring a royal commissioner to appear before a committee in order to be examined during the course of the conduct or discharge of his mandate. Once he has completed his task, it would appear that may be a different matter. But during the course of his discharging his mandate, it may well jeopardize the essential independence with which he has been asked to carry out his mandate.

Mr. Laughren: I am not surprised at the minister's decision—and basically it is the minister's decision—but I regret it. What it really means is that the royal commission is going to continue to be a duck in a shooting gallery because there is a great deal of dissatisfaction with what is going on. I would have thought it would have been an excellent opportunity for the commissioner to clear the air on what the royal commission is doing. I do not believe he has been given the opportunity to express his views. Correct me if I am wrong. I do not believe he was asked—tell me if he was—if he wished to appear before a standing committee in order to clear the air, as it were, concerning the activities of this commission.

If he has been asked and has said he did not want to appear, that is one thing. From the beginning I have never talked about a subpoena or a Speaker's warrant; I have been talking about an invitation. I wonder whether or not the Attorney General's people are not being presumptuous in their assumption that he would

not want to attend anyway. I am not sure whether you would not even want to extend the invitation. I do not know how that would prejudice him. He controls what he says whenever he speaks and he would not be badgered if he appeared before the committee. So I do not know why you have made this ruling.

I think there is a great deal at stake in what the commission is doing. Certainly this party supported the appointment of the royal commission. One might even say we were, at least partly, instrumental in getting it appointed back in 1977. We were obviously in support of the royal commission and we feel it has enormous potential to do well, but there is also potential to do very little and to overlap with what the Ministry of Natural Resources is doing in its strategic land-use planning process.

I regret very much the decision of the minister. I suppose the committee could still treat the motion as a legitimate motion before and at least extend the invitation to Mr. Fahlgren to see whether or not he wishes to attend. My preference would be at least to put the motion to the committee. If the committee votes against it, then the invitation will not be extended. I personally do not see why committee members would not want Mr. Fahlgren to appear, answer some questions, make some public statements on his own and come prepared to say whatever he wants before the committee.

I would hope the chairman would still allow the motion to be put to the committee.

Hon. Mr. Norton: I am not suggesting that the motion is out of order. I am simply voicing an opinion and a concern that are shared by the Attorney General and legal counsel.

Mr. Laughren: You had that opinion before you talked to him too. On Tuesday night you made that very clear.

Hon. Mr. Norton: I know you thought I had.

Mr. Laughren: You made it very clear.

Hon. Mr. Norton: Whether I did or did not at that time, I think it was clear I felt some opinion other than my own ought to be obtained. You mentioned, "Has he been asked?" He certainly has not been asked by me and, to the best of my knowledge, by anyone else.

I think the emphasis on what you just said misses the point, in part at least. The point is that because of the importance with which the independence of royal commissions is viewed

There is concern about establishing a precedent, even in this instance, if Mr. Fahlgren were quite willing to come.

Mr. Laughren: Anxious to?

Hon. Mr. Norton: I suppose if he were anxious to come, there is nothing to prevent him from communicating to the committee his desire to appear. The other thing I think important to bear in mind is that if he is concerned as an independent commissioner about the controversy or otherwise, to which you have referred, it seems to me he also has other forums for communication regarding the work he has undertaken.

20 p.m.

To be fair, I think if an invitation were issued, and if in his wisdom he were to determine it could not be appropriate for him as a commissioner to appear and said he would not be able to appear, I think the pressure would be there for him to do otherwise because the appearance would be that he was not appearing for some other reason. The very fact of an invitation coming forward from a committee puts an independent commissioner in an awkward position because he may well not wish to appear to avoid talking with the committee. On the other hand, he may feel it is not appropriate, given his mandate and the fact that he has a royal commission.

Mr. Laughren: He is capable of expressing that.

Hon. Mr. Norton: Of course he is capable of expressing that, but it still may put him in a very uncomfortable and unfair position.

Mr. J. M. Johnson: I would oppose Mr. Laughren's motion. I am really quite surprised that he would insist on sending an invitation to his gentleman when, as the minister expresses the concern, the commission is set up to be independent of the Legislature, including this committee. While it might be appropriate this time, maybe in some future case it would not be. I really think that you people in opposition are certainly the ones who benefit the most from the types of commissions that are set up.

Mr. Wildman: We are not looking at this in a political way. We are just interested in finding out what he is doing.

Mr. J. M. Johnson: The commission has been set up since 1977.

Mr. Wildman: And we have not yet received any kind of report.

Mr. J. M. Johnson: The study has not been completed as of this date.

Mr. Wildman: That is the point.

Mr. J. M. Johnson: The point is, why do we not wait until it is completed? Then, at a future date, if you wish to have him up here, fine. But do you not think you should wait until he is through with his report?

Mr. Wildman: It seems to be interminable.

Mr. Laughren: I do not think that is the debate and I do not want to get into that kind of debate because I do not think it is fair to the commission to get into that debate at this point. I honestly do not know what is going on, and to me at least at this point if he does not have the opportunity to appear and explain these things, then people—people like me—will draw their own conclusions. There is no doubt about that.

Mr. Havrot: Mr. Chairman, perhaps through you to the minister—

The Vice-Chairman: I am going to start controlling things here a little bit. Mr. Kerrio's was the next hand up. I will take them in order.

Mr. J. M. Johnson: Mr. Chairman, I would like to finish, if I may. Mr. Laughren, whether you think in this case an exception should be made or not, and I am not going to argue that, I do think the principle espoused by the minister—not the minister as much as the Attorney General—is very true. I do not think that you, for one, want to interfere in a royal commission.

Mr. Laughren: And it must be independent.

Mr. J. M. Johnston: Okay, but this could be construed as exerting pressure. I think you can agree that if a request goes from this committee for an individual to appear, it is more than an invitation and it could be construed as other than an invitation. I really do not think we should put anyone in that position if the commission is going to be independent.

Mr. Kerrio: Mr. Chairman, in view of the fact that the commission has been ongoing as long as it has, and considering that the environmental issues are so urgent that we can no longer afford to drag our feet, in having the commissioner here, I am certain he knows the parameters with which he was charged and would stay within the limits. I am very anxious to find out what is going on with several sorts of things. I think it is critical and vital to what we do in the future. We are talking about something that has taken too long already. If we can do something to accelerate it, if we can do something to get people to respond more quickly so that you, in turn, as the minister can do what has to be done in these various areas, then I think we need all the help we can get.

I do not think we are going to do anything beyond what he is charged to do and what he is willing to share with us. I think it might be very good to get a feeling as to how effective he thinks that sort of thing is. Maybe there should be alternative things in the works right now. I think we are late on environmental investigation, particularly in the north where we are talking about some pretty meaningful disposition of low-level and high-level radioactive wastes, tailings and all those things.

Mr. Havrot: Mr. Chairman, perhaps the minister could contact Mr. Fahlgren and ask him to give us perhaps a preliminary report as to what progress he has made since 1977. Is that when he came in? We had Hartt first in 1977, was it? When did Fahlgren or Laughren come in? Was it two years ago or about a year ago?

Mr. Laughren: They will never appoint me a royal commissioner.

Mr. Havrot: There is no danger of that. Perhaps we could ask the minister to ask Mr. Fahlgren if he could bring this committee up to date under vote 2102, item 7, which covers \$1.6 million under that item. Surely we should have some indication as to what he has done up to this point. He has had sufficient time, and I feel we should get some idea at least as to what is going on for our dollar for the benefit of the taxpayers of this province.

Hon. Mr. Norton: In response to that last suggestion, it seems to me that does not differ very much from the motion that is before the committee.

Mr. Laughren: That is a good point. You noticed that?

Hon. Mr. Norton: Yes. As a minister, I have to be doubly cautious about appearing in any way to interfere with the independence of a royal commission.

Mr. Laughren: More defensive than cautious.

Hon. Mr. Norton: Are you suggesting I should be defensive?

Mr. Laughren: I am saying you are being defensive.

Hon. Mr. Norton: No. I am saying I am being very cautious.

Mr. Wildman: Surely it is the committee that makes the decision on whether or not to invite him and not a minister of the crown.

Hon. Mr. Norton: That is not what was the most recent suggestion. I would have to reflect upon that, but I would think that would potentially run the same risks as asking him to appear. I will put it this way. I will try to be—

Mr. Havrot: Will you ask at least? Perhaps you could contact him and just ask. If he does not have anything prepared, so be it; we will accept that.

Mr. Laughren: He is probably dying to appear before us.

Hon. Mr. Norton: I am sure he is.

Mr. Havrot: He might be dead by the time he gets here though.

Hon. Mr. Norton: I will not give a commitment to contact him, but I will once again discuss the propriety of that with the Attorney General.

Mr. Laughren: The estimates will be over by the time you get through with your checking.

Hon. Mr. Norton: As I say, I think this is an area in which I must proceed very cautiously so as not in any way to jeopardize the independence of the commissioner.

Mr. Laughren: That is why I used the word "invite," Mr. Chairman.

Mr. Riddell: We are sure using up the committee time now.

The Vice-Chairman: The motion is on the floor. If there are no further comments, those in favour? Those opposed?

Motion negatived.

On vote 2101, ministry administration program; item 1, main office:

The Vice-Chairman: As I understand it, we are on vote 2101.

Mr. Kerrio: I have something on item 6, if anyone else wants to get in before that. Have you questions before item 6, Mr. Charlton? If not, I will proceed.

Mr. Eaton: Are we talking about general policy under the ministry administration program?

8:30 p.m.

The Vice-Chairman: For those who were not here the other night, we agreed we would try to do 2101 in one hour, 2102 in four hours, 2103 in one hour and 2104 in four hours. That will give the committee a rough idea of the time frame in which we hope to work.

Mr. Eaton: Are we talking about main office activity and general formulation of ministry policy right now?

The Vice-Chairman: I would say so. Finish away at will.

Mr. Eaton: I want to ask the minister what the policy is with regard to the supply of water in

his province and the pipelines operated by the Ministry of Environment, specifically the pipeline from Lake Huron to the city of London. I believe that we should be looking at a policy which allows us to supply water through existing pipelines and others that are being developed in much the same manner as Ontario Hydro supplies electrical power.

My particular reference is to a situation which exists south of the city of London. Water is now provided as far as London, but not beyond that point. As Jack Riddell knows very well, in the north part of Middlesex and Huron small municipalities can obtain water from the pipeline, but once it reaches London, the city takes control and water service is not available to those who live to the south of London. One village in that area has been waiting for two years to get water.

The situation is getting serious, as the letter I showed you earlier indicates. Your ministry staff say they cannot drill wells there now, yet London controls whether this village can get pure, clean water because it says that it controls development. However, the village, which has about 150 homes, is 10 miles outside the city, and I think it comes under a different area policy. I think you should take a look at providing assistance in the way of pipelines for some of the rural areas that cannot get water from wells.

Mr. Riddell may also wish to comment on the fact that some townships so far have received most of the benefit of the water lines that have been provided. As I mentioned, I think that service can be extended much in the same way as the services provided by Ontario Hydro. I regard the availability of water as a utility which needs to be provided in those areas. Perhaps the minister can explain what the policy is and how, as London has done, a city can take control of the system and prevent people from obtaining water.

Hon. Mr. Norton: I was going to suggest, with the concurrence of the committee, that that particular issue probably could be more fully dealt with under vote 2103, at which time the staff who have been directly involved, particularly in the specific area to which you are referring, will be here. I think Mr. McTavish and others will be here at that time. That would allow us to go into it more fully perhaps.

I was not aware of the specific community situation to which you referred until earlier this evening, and I am not, just off the top of my head, familiar with the problems relating to the

relationship between that community and the city of London. But the general question of the provision of water to rural communities has been brought to my attention over the short time I have been in the ministry. One of the members of the committee has a particular interest in it. We do not have a policy as yet with respect to the provision of rural water service, although some rural communities do have such a system.

Mr. Eaton: I am suggesting it is time you developed one.

Hon. Mr. Norton: That has been discussed in the ministry since this particular situation arose in a couple of townships in your area.

Mr. Riddell: Both the townships of East and West Williams are affected. The township you referred to as having the service is McGillivray.

Hon. Mr. Norton: I think they have done a lot of it at their own expense essentially up to this point.

Mr. Riddell: Yes. They got approval based on the fact that they would do it at their own expense. The two townships of East and West Williams have polluted water. They are in very bad shape as far as water is concerned. We have had some meetings with your parliamentary assistant, which we appreciate, but because the situation is desperate they are asking me to arrange a meeting with you. Would you be prepared to accommodate their request?

Hon. Mr. Norton: I am not sure whether I have communicated directly to you that my parliamentary assistant has some specific responsibilities, including that. I think he is discharging them very well and communicating directly with me on these issues as they arise. That is not to give a flat no to your request, although I think it defeats the purpose of someone's having specific responsibility if, after meeting with a group and discussing such matters, the group wants to bypass the person who has that responsibility in the ministry. But I am reluctant to do it for the reason I have mentioned.

Mr. Riddell: I am not questioning his capability in any way, but if you are indeed giving any thought to formulating policy on establishing water lines into townships, maybe you should listen to what some of these municipal officials have to say so that you will see the very great need there is for a policy without undue delay, for, as I have said, they are in very bad shape for water in East and West Williams townships. They would simply like to have an opportunity to talk to you personally and tell you what their

problems are. It may be well worth your while to hear them, and maybe then you will be more inclined to get on with some kind of policy.

Hon. Mr. Norton: I assure you that I am familiar with the kinds of problems they are having. The difficulty I am faced with in formulating a specific policy involves not only the fact that it is a problem somewhat different from those we have been dealing with historically, but there is also not much point in having a policy if you do not have adequate funding to follow through with it.

8:40 p.m.

It requires a creative approach to try to develop a policy in that area. It is not quite the same as dealing with, say, the provision of water to an exclusively residential area. It really is a mixed use of both residential and, for want of a better expression, commercial or business enterprise as well. I think one has to address what kind of funding formula would be appropriate in that instance.

Presumably as it applied to residential use, it ought to take into consideration the similarity of needs as between those residents and the residents in other communities. But with respect to the extra cost required, given the distances between consumers, it should also take into consideration whether or not some additional portion ought to be borne by the business part of the operation and, therefore, become a part of the expense of carrying on business. It is going to be a complex matter to work out, but I can assure you, and you can assure your constituents, that I am aware of the problem and would like to address it. We shall be looking to see if we can find some reasonable way.

I might also point out that the Minister of Agriculture and Food (Mr. Henderson) has discussed those two specific communities with me as well. I am sure there are also other areas which are in similar circumstances, particularly in some parts of southwestern Ontario. I am not sure whether it is because some of those communities did such a good job of putting in drainage that they now have to pipe the water back in, or just how the problem arose.

Mr. G. I. Miller: I would like to mention that a good example is the central water system in Haldimand-Norfolk, which is huge. Also, there is little Nanticoke, whose residents are surrounded by Stelco, Ontario Hydro and Texaco and have to contend with perhaps not a lot of pollution, but certainly more than there used to be. They are right on the line, but they are not permitted to hook into it.

The line runs back to Townsend and passes directly by our farm, yet we have to bring in our drinking water in gallon jugs from Jarvis, which has an adequate supply of good water. We cannot hook into the line, and I would not ask to be able to do so on an individual basis. Fortunately, the line now extends to Hagersville, so they are going to have good water; I believe the official opening will be on December 17. There are 45 homes between Hagersville and Jarvis, but the people who are on that right-of-way are not able to connect to the line.

We brought this problem to the former minister's attention, and he indicated it was the region's responsibility to supply the people of the main line. We discussed it with the region but they said it was not possible.

I support what Bob Eaton has indicated. About 97 per cent of the people in Ontario have access to good water, but in our particular area many are obliged to have cisterns and to have water brought in by tankers. At the last count some two years ago, about 5,000 tanker loads were trucked in from Port Dover to service the cisterns of the area. That, to me, is a most expensive way to bring in water. The lines that are there have been subsidized by both the province and the federal government. I think it is only fair that some policy be established so that individuals along that line may have access to a supply of good water. The supply is adequate and, once the system is established, will last for many years.

Hon. Mr. Norton: I will ask you to raise this again under vote 2103 when some of the staff who are better able to deal with the technical aspects of it are here. I really do not know myself whether there may be technical problems with individuals tapping into a main line.

Mr. G. I. Miller: I think that is the kind of difficulty that can be overcome with a policy.

Hon. Mr. Norton: I think the point you mentioned about the municipality having responsibility is quite accurate. In any other situation, of course, the municipality would normally take the initiative in making requests and in all likelihood would share in the cost. It is not solely a Ministry of the Environment initiative, but I agree that the policy aspect of it requires consideration by this ministry.

Have you had a water quality problem on your farm for a long time or is it a recent occurrence?

Mr. G. I. Miller: No. It is just recently that we have really run into the problem. I am not going

get into that tonight. It developed when they were putting the core unit in or making a lake at the Townsend town site. It affected the supply of water and it has not been corrected yet.

Hon. Mr. Norton: Is it a supply problem or a quality problem?

Mr. G. I. Miller: It is a supply problem basically. Of course, to get good quality water, treated water, it is a better quality from up the pipeline, which this is. It is top quality, and I do not see why we should not have access to it. Again, when I do get access to it, I will not take unless I can get it for the other constituents.

Mr. Eaton: Mr. Minister, we want to keep in mind the difference between the technical problem of getting it off the line and the control of the water.

Hon. Mr. Norton: Yes, I understand that.

Mr. Eaton: The problem I bring to your attention is the control of the water. It is brought by the Ministry of the Environment all the way to the city of London, up to which point you have control over it and other municipalities get to use it, but when it reaches the city of London, all of a sudden they have control of it and that is it. The small communities around London are deprived of it, but everyone to the north is able to get it. It just does not make sense. It crosses all that countryside and then some of the rural people are deprived of the use of that water. That is completely wrong.

Mr. G. I. Miller: I think we have a similar problem. It might be technical, but I think a policy could be established which would take care of both.

Mr. Eaton: Yes. I am just trying to treat the two differently.

Mr. G. I. Miller: I think we should tie them together.

Mr. Eaton: I am concerned about the control of the water.

Hon. Mr. Norton: When we get to vote 2103, I will try to be more familiar with that particular problem.

Mr. Riddell: If my municipal officials continue to request a meeting with you, would you consider it?

Hon. Mr. Norton: You seem to be determined to get to me.

Mr. Riddell: They are too, I will tell you. There are even articles on it in the London Free Press. Mr. Eaton probably saw it there not too long ago. They are desperate, and they want to

have an opportunity to outline their problems to you, to show you there are citizens of rural Ontario, as well as some of these urban people, who have no water.

Hon. Mr. Norton: All right. I would never flatly refuse to meet with any citizen of this province.

I would hope also that they would respect and understand that I meet with a large number of delegations from all over the province about a great variety of things and that it is essential sometimes that those who have willingly assumed the responsibility I have asked them to assume be allowed to discharge it. If each time someone met with my parliamentary assistant, it simply meant that the next stage was a meeting with me, I would not like to encourage it unless there was some extraordinarily good reason. So perhaps you could reason with them and then get back to me.

You can explain to them that I am familiar with their problem, both from the presentations they have made to the parliamentary assistant and that you yourself made—I believe you were present at that meeting—and also through the presentation made to me by the Minister of Agriculture and Food. I am sure you would want to give him credit for the role he has played in informing me on that subject.

Mr. Riddell: The reason the Minister of Agriculture and Food met with you was that we had his executive assistant at one of the meetings we had with your parliamentary assistant. She went back and told Mr. Henderson that maybe he had better get on the ball.

Hon. Mr. Norton: No. Actually, chronologically, he had brought it to my attention sometime before that meeting occurred. He is very much in touch with the grass roots of this province, as I am sure you are aware.

Mr. Eaton: Do not forget our discussion.

Interjections.

Mr. G. I. Miller: If a good water line goes by the door, I think everybody up the line should have the right to that water the same as anybody in built-up areas. I think that should be a priority of your ministry and you should be showing some leadership. I like Bob Eaton's remarks that he has to set up the meeting for my colleague over here. I think that is ridiculous.

Hon. Mr. Norton: He said it in jest. He was laughing at the time.

Mr. G. I. Miller: I know he was, but I just

wanted to make sure that you understand it. We are elected to represent our people and I think you have to respond to them.

Hon. Mr. Norton: Absolutely.

Mr. Riddell: I must have missed that comment. Was he suggesting that he tried to set up a meeting?

Hon. Mr. Norton: No.

Mr. G. I. Miller: No. He said he would if you could not.

8:50 p.m.

Mr. Riddell: That is fine. If he can set up a meeting for East and West Williams townships with the minister, then I say go right ahead. I am behind him 100 per cent because they have been wanting to have a meeting with him for months.

Hon. Mr. Norton: They have had a meeting with the man who has responsibility in that area.

Mr. Riddell: So you have delegated the responsibility for all the water projects to your parliamentary assistant. You do not touch them at all?

Hon. Mr. Norton: He communicates with me on the subject, but he has assumed that responsibility at my request. I might also point out that there are some other very realistic considerations. For example, and I do not mean to use a specific example so as to embarrass anyone, I met a delegation today. In fact, the two of us met them together because it was a particularly unique and pressing problem where the provision of a water or sewage service—each would have cost about the same—in this community was going to cost probably in excess of \$30,000 per household.

It seems to me that in those situations one has to look for some creative alternatives. You could almost buy new homes for people—well, not quite these days—but you could at least make a very substantial downpayment for that amount of money. I do not know what the cost might be in East and West Williams townships, but that is an important consideration.

How far does one go in terms of providing, as Mr. Miller said, the services that people ought to be entitled to wherever they live in the province? Do you go as high as \$100,000 a household in some communities if that is what it costs? There has to be some realism in the kinds of solutions we look for. It may not lie in the direction of simply trying to duplicate in rural areas what is presently being provided in urban areas. I do not know what the other alternatives might be; I could think of some if it were sewage, but I am not sure about water.

Mr. Riddell: You have been talking to your parliamentary assistant. His pat answer is it would be cheaper for you to drill a deep well.

Hon. Mr. Norton: Is this a suggestion that he made?

Mr. Wildman: Then are they eligible for the alternative systems program?

The Vice-Chairman: The problem is that in most of these areas if you drill a deep well, you just get poor quality water.

Mr. Riddell: That is right.

Hon. Mr. Norton: Anyway, I can assure you that we are aware of the problem. See if you can explain to your constituents that we are aware of and are looking at the situation. Obviously the solution we seek cannot only be a solution for East and West Williams. If it is going to be a policy decision, it has to be something that has to be applicable in other communities in the province and that also has to take into consideration the kinds of resources that would be required.

Mr. Riddell: Maybe as we approach Christmas, you will get the Christmas spirit and you will phone me and say, "Jack, bring your officials in. I feel I would like to meet them."

Mr. Kerrio: Bob Eaton will send them.

Mr. Riddell: That is fine. I support him 100 per cent if he will.

The Vice-Chairman: Are there any other general questions in this area?

Item 1 agreed to.

Items 2 to 5, inclusive, agreed to.

On item 6, information services:

Mr. Kerrio: Mr. Chairman, that is an interesting area. The other night in Niagara Falls a man named Ron Huntington from Capilano, BC, one of the great old Tories, got up on the platform and proceeded to rip the federal government every which way. He talked about them not budgeting to help the private sector get going in manufacturing. He talked about government getting involved in the private sector. He said "Imagine them buying an oil company, Petrofina."

Then he turned beet red when he said, "An abuse of advertising—what a terrible thing they do." God, I went up and shook his hand. I said, "I will take down all your notes and I will just change places with you and tell you I am going back to the minister to tell him exactly what you have said." What those rascals are doing in Ottawa in abuse of advertising shows they are rank amateurs compared with what you

are doing; they are in the minors. To cite one particular instance, when you were preparing for the election, and heaven forbid there is any connection—it is on the Order Paper and you gave me the information, Mr. Minister—

Hon. Mr. Norton: Of course I did. I am very open.

Mr. Kerrio: —in 1979-80 in all branches of the ministry the total advertising budget, according to the Order Paper answer, was \$519,075.52. In 1980-81 it was \$1,449,717.79.

Mr. G. I. Miller: Was that before March 19?

Mr. Kerrio: Oh, yes. This was while they were on the launching pad. I want to tell you that is something like a 179 per cent increase in advertising.

Mr. Boudria: A coincidence.

Mr. Kerrio: It became quite obvious to some of the more astute members in the gallery who report for the press. This has nothing to do with you, but this is the abuse by some of the other ministers. Some people may have seemed surprised to see a billboard on Bay Street in mid-February during a blizzard saying, "Good things grow in Ontario"—luscious strawberries, utabagas and cabbages.

Hon. Mr. Norton: Even Vince Kerrio. You grew here.

Mr. Kerrio: There was the Ministry of the Environment ad showing the acid-clean lady coming out of the lake.

Hon. Mr. Norton: Did you object to that? I thought it was in very good taste.

Mr. Kerrio: Mr. Minister, in view of the serious problems with the government, you might say this is borrowed money. This is not money you had in excess as you had for some years because your government has been here long enough that it could not possibly have been in deficit for 40 years. There were times when his government was in the black. We are talking about money here in your ministry used or rather unconscionable advertising. In all truth it was so much out of proportion with what you had done before. As I say, \$80,000 for the month preceding the election is one gem that comes to mind, as well as all the other things that have been happening in all the other ministries.

How do you respond to that? How could you justify a 179 per cent increase in advertising and, in particular, \$80,000 for the month before the election? How do you respond to that?

Hon. Mr. Norton: First of all, I do not know where you got your figures. You said \$1.1 million?

Mr. Kerrio: You see it is not in these estimates. I will tell you where the information is. It is in the answer from the question on the Order Paper on July 3, 1981.

Mr. Riddell: Figures you provided.

Hon. Mr. Norton: I have a copy of that.

Mr. Kerrio: All advertising for your ministry for 1979 and 1980 was \$519,000; in 1980-81 it was \$1,449,000.

Hon. Mr. Norton: Can you show me what you are reading from, because I have a copy of what I think is the answer?

Mr. Kerrio: More particularly, one month was \$80,000.

Hon. Mr. Norton: Which is the figure you used? Was it \$1.1 million?

Mr. Riddell: The figure of \$80,000 in one month right before the election month really is the one.

Hon. Mr. Norton: I honestly do not know what you are looking at.

Interjections.

Hon. Mr. Norton: I think you must be misinterpreting something. I am just not sure what you are referring to. Could you show me what you are referring to so I can at least look at the same figures?

Mr. Kerrio: Oh, yes. The increase in all areas of your advertising in this year and last year.

Hon. Mr. Norton: I will have to check that figure because the figures I have for 1980-81 in terms of advertising—

Mr. Kerrio: I do not think you have caught up yet. I think this is advance material we have here.

Hon. Mr. Norton: It could be.

9 p.m.

Mr. Eaton: It is probably like some of your other figures, Mr. Kerrio.

Mr. Kerrio: Oh, no, these are from the ministry.

Mr. Riddell: Right from the mouth of Mr. Norton.

Hon. Mr. Norton: Mr. Kerrio, I think the answer on the Order Paper, as printed, says "all branches, all functions." Is that not correct?

Mr. Kerrio: Yes.

Hon. Mr. Norton: Strictly speaking, that is

not advertising in the sense of radio, television and that type of thing. It would include the printing, I think, of the—

Mr. Kerrio: There are breakdowns of other functions: the Environmental Appeal Board, assessment boards and all that.

Hon. Mr. Norton: No. I am speaking of the figure you are speaking of. Included in that is everything from advertising for new staff to the publication of the booklets that go out from the ministry about fishing guidelines and things of that nature.

Mr. Kerrio: I am not arguing that. I asked what was the total advertising budget for the Ministry of the Environment and its agencies, boards and commissions for those two periods of time. It just seemed a tremendous difference from one fiscal year to another.

Hon. Mr. Norton: There is no question that there was an increase from one year to the other.

Mr. Kerrio: It seems a considerable change.

Hon. Mr. Norton: We did undertake for that period, and I believe for the first time, the "Stay beautiful" campaign.

Mr. Kerrio: That was a dandy. What about that "Stay beautiful"? Our licence plates said, "Keep it beautiful." We have changed it now to "Yours to discover!" What happened? Did you lose confidence?

Hon. Mr. Norton: I lost out in the bidding.

Let me respond briefly to that. I think it is important in terms of the total environmental effort in this province that there be a consciousness on the part of members of the public that we do have some vitally important resources environmentally that they ought to be proud of and participate in preserving.

Mr. Kerrio: Strawberries in February?

Hon. Mr. Norton: That is the Ministry of Agriculture and Food.

Mr. Kerrio: I know that, but I just thought I would mention it.

Hon. Mr. Norton: That is "Good things grow in Ontario." We are talking about "Stay beautiful."

Mr. Wildman: Do things grow in February?

Hon. Mr. Norton: Sure, in greenhouses.

A legitimate part of the environmental effort in this province is to raise the level of public awareness of the resources that we have that are important to protect, to impress upon people's consciousness that they have a role to play in

this, and that they have something to be proud of. In fact, we are working on phase two of the program.

Mr. Charlton: Did that only dawn on you the year before the election?

Hon. Mr. Norton: The program began then. Things do have to begin at some point. Would make you any less suspicious if I told you that we are working on phase two of that program now? It will probably be launched next spring. I will be dealing with other aspects of environmental concerns, probably things like liquid industrial waste and so on, to increase the awareness of that and the responsibility we all have to take measures within our communities to minimize the damage to our environment. That is legitimate. How else in this day and age does a government legitimately—

Mr. Wildman: Stay in power?

Hon. Mr. Norton: —communicate the message to people that it is important that we all be aware of the environmental resources we have and the importance of being responsible in our husbanding of those resources?

Mr. Kerrio: Okay, you made a fair comeback but now let me throw this at you. In the 1980-81 estimates, in item 6, there was an estimated expenditure of \$1,369,000. That is in the record. The actual expenditure is not here. It is \$2,105,600. That went from \$1.3 million to \$2.1 million from the estimate of 1980-81 to the actual. In 1981-82 it has now gone back down to \$1.4 million.

Mr. Wildman: The election is over.

Mr. Kerrio: We are talking about an acceleration of a program that was worth while. What am telling you is that you accelerated it during the election and now you are going back to a sensible speed for this vehicle.

Mr. Boudria: It must be hard to defend that.

Hon. Mr. Norton: But built into the estimate for this year is money to carry on that program.

Mr. Kerrio: How could it go from \$1.3 million to \$2.1 million and then back to \$1.4 million? do not think you have the actual for 1980-81, do you?

Hon. Mr. Norton: Yes, I have. The additional items that are over and above the printed estimates in terms of the expenditures were included—salary awards, for example—in the vote. It included the funding for the "Stay beautiful" campaign, which was the biggest single item.

Mr. Kerrio: But you are not going to do that any more.

Hon. Mr. Norton: Yes, we are.

Mr. Kerrio: It does not reflect in here though

Hon. Mr. Norton: It was not included in the original printed estimates. That is correct. There were certain additional expenditures related to telephone expenditures. There were additional expenditures for the "Pitch in" campaign and the French-language translation program.

Mr. Kerrio: All those things are ongoing.

Hon. Mr. Norton: These are areas of overexpenditure or additional expenditure which were not in the original printed estimates.

Mr. Kerrio: Yes, I appreciate that, but now you have gone back again. In 1981-82 you have gone with your estimate to \$1.4 million.

Mr. Riddell: Davis said, "Keith, my boy, we are going to go. Gear up." So he geared up and spent money on advertising that it is a beautiful place to live.

Hon. Mr. Norton: It is.

The difference there is that because of the timing of the phases—

Mr. Kerrio: Oh, timing, that's the word.

Hon. Mr. Norton: Let me finish what I am saying. Because of the timing of the phases of the "Stay beautiful" campaign, they were not included in this year's budget because we will be beginning the next phase probably in the spring. That accounts for a substantial amount.

Mr. Charlton: So can we look forward to seeing a substantial increase in that item next year?

Hon. Mr. Norton: I am not sure of the exact cost of the next phase of the program at this point, but you can anticipate seeing that program carried out. We are certainly planning to do it.

Mr. Kerrio: There are a couple of related questions, and I put them out for what they are worth. We have done some work in video and movies and we have the case against acid rain. I just pose the question as to how much use we are getting from that film and what it is being used for. There is also *No Time to Waste*, the movie about South Cayuga. Are you going to be able to dub other titles in on that and use that film?

Hon. Mr. Norton: I am sorry, I missed that comment.

Mr. Kerrio: On that movie, *No Time to Waste*, about South Cayuga, I asked if we can dub new titles in and use it again.

Hon. Mr. Norton: It is still quite appropriate for use.

Mr. Kerrio: Is it valid?

Hon. Mr. Norton: Yes, because it basically deals with the problem of disposal and treatment of liquid industrial waste.

Mr. Kerrio: It is not specific enough to the site that it would make it unusable again?

Hon. Mr. Norton: I do not recall what the extent of the reference to a specific site is, but I think that it is not unusable because of the change.

Mr. Kerrio: In the final analysis, do you really think the money spent on that kind of advertising is spent in the best interests of your ministry, or would it be better spent in ultimately getting the environment cleaner faster by putting the money to work rather than telling people we are doing it when, in fact, it is questionable?

Hon. Mr. Norton: I hate to suggest this, but I think you have misunderstood the import of that campaign. The environment is something that cannot be dealt with on any one single parameter. You cannot address it only as a ministry discharging its responsibility. It is something which really requires a commitment on the part of everybody. I think that communicating that and raising the level of awareness on the part of the public is an essential and responsible task of this ministry.

9:10 p.m.

Mr. Kerrio: What are you doing in the schools to reorient our youngsters to the same point as they are in countries like Sweden, for instance? Unless you reach people at that level, unless it is part of their upbringing and education, a heck of a lot of your advertising money is just wasted because you are not going to teach some of those old dogs new tricks.

Hon. Mr. Norton: We have materials that are going into the schools. Even the minister on occasion goes into schools and talks about the subject with students all the way from the elementary through the secondary levels.

Mr. Kerrio: Isn't that where the job should be done?

Hon. Mr. Norton: Yes, and I would hope we could count on you to do the same thing.

Mr. Kerrio: I would sure take those ads off the air and take them into our schools.

Hon. Mr. Norton: Take the ads into the schools? Some of our visual material is being used in the schools as well, I hope. We are trying to get across the message that is available through our regional offices through films and video tapes and that sort of thing.

Mr. Charlton: There are a couple of items I would like to get in on while we are talking about the advertising budget. I should point out to the minister that sometimes opposition critics also go into the school system and lecture as well.

Hon. Mr. Norton: I am glad to hear that. I hope you do it as nonpolitically as I do in telling them what a marvellous job we are doing.

Mr. Charlton: Oh, no, absolutely not. I would like to talk to the minister about the concern he just expressed about the environment in Ontario, that public sense of the beauty of the province, the value of our resources and so on.

I spent some time with the procedural affairs committee two years ago when it was dealing with the Ontario Educational Communications Authority. It seems to me the money you are talking about using to raise public awareness of the situations we have in Ontario could be more usefully spent through the OECA kind of programming rather than the by the 30-second clips we see on television. What are we doing in that area? I have seen a couple of films that the educational authority has produced on environmental issues. Don't you think that is a good place to make a major initiative?

Hon. Mr. Norton: Yes. Have you seen the film which was done on acid rain?

Mr. Charlton: Yes. I have.

Hon. Mr. Norton: I mentioned we have materials that go into schools. We also have a program which involves visiting parks and summer camps and reaching young people when they are in those kinds of settings.

Mr. Charlton: I understand all of that. The quality of the films shown is excellent. The value of the ads, in my opinion, is nil or very close to it in terms of what you say you are trying to accomplish. The particular film I saw is excellent, as are a couple of other films which I am not sure your ministry was involved in. All I am suggesting is that the money you are spending on radio and television advertising could be much more usefully spent on extending those kinds of programs rather than what you are doing with it now.

Hon. Mr. Norton: I guess something like that always involves a judgement call. Your views on the subject are as valid as anyone else's. What we have to acknowledge is that we have different audiences to reach in the province. You do not reach all people through the school system.

Mr. Charlton: There are lots of people who watch educational television in Ontario that are not in the school system.

Hon. Mr. Norton: But there also are audiences who do not yet receive that.

Mr. Charlton: We had a lengthy discussion with the Ontario Educational Communications Authority. They say they are now reaching over 90 per cent of the homes in the province. That is what they tell us. There are some problems in the Windsor area and in some areas in the north. Did somebody cut your cable?

Hon. Mr. Norton: I do not have cable; I cannot afford it, but I am saving up. To be truthful, my television set isn't working.

Mr. Charlton: Are there any problems in Kingston? They certainly did not indicate that to us when we were talking to them.

Hon. Mr. Norton: It is available only on cable in Kingston in spite of my efforts. I have had to defer to some of the communities and I did so willingly and graciously, I must say, although I lobbied initially on behalf of Kingston to try to get improved service there. There are communities in northern Ontario that do not have cable and which I think have a more legitimate claim than even Kingston. Being a fair-minded individual, I—

Mr. Charlton: The problem you create in a community like Kingston by having it only on cable is that while everybody in Kingston city proper has access to cable, that does not help your rural neighbours if there is no broadcast coming into their area. It makes those rural areas just as deprived as the areas in the north.

Hon. Mr. Norton: There are lots of people in the city who do not have cable. I am not the only one.

Mr. Charlton: The position we took with the authority was that programming, which is supposed to be a public service from the crown to the people of this province, should be expanded to serve all of the people of the province before they start trying to expand some other aspects of it.

Hon. Mr. Norton: Of course that is the objective, and they are doing it stage by stage. Practically each year additional communities are served, but it is a phased program.

Mr. Charlton: Do you have somebody who could tell us about anything specific you are doing right now along the lines of new informational programming on environment issues?

Hon. Mr. Norton: Would you mind if we asked our director of communications to outline some of the things we are doing in that area?

Mr. Frewin: My name is Frewin. I am the director of the information services branch of the ministry. What precisely would you like to know, Mr. Charlton?

Mr. Charlton: What kinds of specific things you are working on right now in the way of informational programming.

Mr. Frewin: Our major thrust in the past year has been the support of the provincial effort on acid rain. In that connection we have developed a video tape and film. The film is available, and I think the minister would like to show it to you at the discretion of the committee.

We are getting into another vote, but starting in the spring and supported by a public relations campaign, the ministry undertook extensive activity in the United States in support of communications activity with respect to acid rain. Our film was widely shown in the United States and is continuing to be shown quite widely on television through the public service networks and through a private service to which we have subscribed at a nominal cost.

We have also shown the film widely in Ontario and we are in the process of making it available to Ontario television and in the school system. We are also planning an extension of the support program for acid rain because we think it is a major priority not only of the ministry, but of Ontario and the nation in the coming year.

5:20 p.m.

In addition, we are planning a major information activity in support of an industrial waste program. There was a brief hiatus in the activities of my branch in that field out of deference to the corporation which was studying the question of establishing a waste centre at a site proposed in South Cayuga. It conducted its own communications program. We are now in the process of developing a video tape, a brochure and other informational materials in support of the general concept of a need not only for this kind of central facility, but for other facilities in Ontario.

Mr. Wildman: Are you doing a film on the history of South Cayuga as an example of the ineffectiveness of the hearing process?

Mr. Frewin: I believe we covered that in a previous question.

Hon. Mr. Norton: I believe that is a question that is more appropriately directed to me, not Mr. Frewin.

Mr. Wildman: It might be very educational on the subject of the hearing process.

Hon. Mr. Norton: If that is the tone of the question you intend to ask, I ask that you direct it to me.

Mr. Wildman: I am directing it to you.

Hon. Mr. Norton: Good, but I would rather you did not interrupt Mr. Frewin at this stage. If you want to ask that or any other question, feel free to do so when he is finished, but please do not subject him to that kind of remark. I sensed the tone of what you said and it is not appropriate to address it to Mr. Frewin.

Mr. Frewin: Thank you, Mr. Minister. Our branch is also in the process of planning an extension of the educational program the minister touched on, which we call Environmental Explorations. Last summer for approximately 16 weeks we had on the road three crews of two students, whose mission was to communicate a variety of environmental issues, problems and information in the form of outdoor workshops and seminars.

This group of six students, supervised by a seventh student, conducted approximately 165 separate workshop, separate visitations, during the year. We are now in the process of planning a summer program for next year, which I also want to extend through the winter. I have the minister's support in this direction, so we are working to arrange the financial support and the staff that will be involved.

I think that touches on three of our major programs at this time. We have a lot of other less important programs ongoing. We are also planning an advertising approach for the support of the Ontario fish testing program which we have conducted for the past five years and which is one of our major advertising programs.

Mr. Charlton: Thank you. I guess it is appropriate to come back to you now, Mr. Minister. The reason I raised all this is the discussion that had been started about dollars and advertising, the 37 clips and so on. In our discussions with the educational authority a year and a half ago, it became very apparent that they still had a substantial number of programming slots where they have some rather questionable programming plugged in at present because of lack of funding to move into some production areas that they would seriously like to move into.

It might be appropriate if you looked at the dollars you have available for informational purposes and, together with some of your staff, sat down with some of the people from the educational authority to see what might be accomplished there.

Hon. Mr. Norton: It is not by any means as if we have ignored that entirely.

Mr. Charlton: I understand that.

Hon. Mr. Norton: A couple of years ago, before I became minister, the ministry co-operated with the federal government to fund a film called *The Water Story* which was made by the National Film Board. I believe it was shown on educational TV.

I come back to the point that in some of these decisions it is quite legitimate to question whether the allocation of resources is the correct allocation or not, and part of that decision-making process has to be influenced by the target audience. The fact is that there are people who watch the *Dukes of Hazzard* on Friday evening—I think that is when it is on—

Mr. Charlton: I watch it with my daughter.

Hon. Mr. Norton:—rather than something which may be on educational TV. We can't put all our eggs in one basket. The advertising designed to reach an audience, like you and your daughter, that watches the *Dukes of Hazzard*—I do not know whether it was on at that time—is particularly costly because the rates relate to the audience reached, to the programming and time of the day in which you try to reach that audience. If you are going to make a sincere effort to reach that audience, that inevitably skews the amount of money one has to allocate; so those things are not necessarily arbitrary, wasteful spending.

The information one can get these days on whom you might reach at a given hour of the day and a given day of the week is fairly precise. I, personally, have not tried this, but those knowledgeable in the field of advertising can give you a pretty good idea as to how many people you are going to reach if you have a certain number of spots at a given time of the day. That is an important element in trying to reach a broad audience with an environmental message.

Mr. Charlton: We understand the approach and the psychology on your side of the House in terms of targets in advertising and its effect and we see the results of that during election campaigns as well.

Hon. Mr. Norton: I would hope you would view this as it is and quite separate from the

election-time advertising which is funded, of course, by the party and contributors to the party.

Mr. Charlton: I understand that. We are not asking you to take party funds and pump them into educational television any more than I would ask my own party to do that.

Hon. Mr. Norton: You mean you would not?

Mr. Charlton: I am not suggesting you should necessarily be cutting out all of the advertising you do. We were talking here about increases in advertising for specific purposes. I am suggesting that perhaps maybe a little too much of that went into that specific 30-second slot kind of advertising, which is very expensive, as opposed to a better split on that money.

Hon. Mr. Norton: As I say, I think that is a legitimate point of view. It is inevitably a judgement call that has to be made somewhere along the line. I can accept the fact that had you been making that decision instead of, in this particular instance, my predecessor, you might have made a different decision.

Mr. Charlton: I would be perfectly willing to trade for a year if you want to.

Hon. Mr. Norton: Would you?

Mr. Charlton: Sure.

Hon. Mr. Norton: That is a very generous offer, but I am not sure I am ready yet to accept it.

Mr. Riddell: How widely distributed is that paper that crosses my desk all too frequently—what do they call it? *Lunacy*? No, *Legacy*.

Hon. Mr. Norton: I think the circulation is 20,000 now. If you mean geographically how widely, I am not sure.

Mr. Kerrio: Do you have to pose for all the pictures that are in it?

Hon. Mr. Norton: I sometimes do not even know I am in it.

Mr. Riddell: What does it cost?

Hon. Mr. Norton: Perhaps Mr. Frewin could answer how widely it is distributed geographically.

Mr. Frewin: The circulation is 23,000 per issue and it is distributed throughout the province.

Mr. Riddell: Where does it go?

Mr. Frewin: It goes to schools, it goes to media and it goes to a wide variety of individuals who have over the years and before my time requested that they be sent the newspaper.

Mr. Riddell: What is the cost involved in that

Mr. Frewin: Approximately \$8,500, or a little less than \$8,500, per six issues, which is an annual plan.

Mr. Riddell: What would be your total yearly cost and what do you budget for it?

Mr. Frewin: We budget about \$8,500.

Hon. Mr. Norton: Actually in 1980-81 the expenditure, I believe, was \$8,380.

Mr. Riddell: As that paper is so blatantly biased and full of propaganda and questionable as to the purpose it really serves, would that money not be better spent in, say, doing a little bit of research on the effect acid rain has on crops down in my part of the riding?

Farmers fail to understand why, when they keep pumping in more fertilizer and are doing a better job of growing crops, they find their yield is continually going the other way. They are now of the opinion that acid rain may have something to do with it. Maybe we will get to that later on.

I do not know whether you are doing any research on the effect acid rain is having on farm crops or not, but I question the real purpose this paper is serving. If it did not have your picture in it and if it was not so doggone biased and full of propaganda, maybe it would have some useful information in it, but it really does not. It is just another means of advertising the supposedly great work the Ministry of the Environment is doing. Would you agree?

9:30 p.m.

Interjections.

Hon. Mr. Norton: You know I never agree with you. I have been around long enough to know the answer to that question initially has to be no.

Actually, considering the distribution and the extent of that communication effort, that is a very reasonable cost. I understand—at least I thought I got the message from your comments—that you might not always agree with what appears in the paper.

Of course I do not exercise editorial control over the newspaper. I do not approve what goes into it in advance of its publication or anything like that and I do not even see every issue myself. I think I am correct in saying that there have actually been some issues published that did not have my picture in them.

Mr. Kerrio: You do not have to concern yourself about the content. It is okay as far as you are concerned, I can tell you. You do not have to read it.

Hon. Mr. Norton: I am glad to hear that. In other words, you think it is doing a very fine job of communicating the efforts of the ministry and its successes and sometimes the problems we are facing. I think that is legitimate and I should not think you would quarrel with that cost because it is such a cost-effective method of communication.

As to research, we are doing some and perhaps we can talk about that in greater detail when we get to that vote.

Mr. Kerrio: You are your own grandma on that deal.

Hon. Mr. Norton: I am not sure how to interpret that.

Mr. G. I. Miller: May I ask one quick question on that movie on South Cayuga? What is being done with the movie? Is it to be shown? Could we have a look at it? How long is it and what did it cost?

Hon. Mr. Norton: We can certainly bring it in so that you can see it if you would like. You ask what is being done with it. I am just trying to recall how much of it specifically relates to South Cayuga. I think the message in it is not primarily directed to South Cayuga, but is concerned with the problem of dealing responsibly with the treatment of liquid industrial wastes or hazardous substances. It points out, as I recall, the kinds of facilities that exist in Germany and elsewhere.

Do you recall, Mr. Frewin, does it specifically refer to South Cayuga in terms of—

Mr. Frewin: The tape, No Time to Waste, deals with the need for a central facility and other facilities in Ontario. It does focus on the proposal to create a centre on a site in South Cayuga, and for that reason parts of it are now obsolete and we are remaking it. It has had fairly wide circulation over the past 14 months since we made it because it was relevant to the issue until the decision was made by the Ontario Waste Management Corporation that South Cayuga was no longer to be considered.

The film was not made about South Cayuga; it was made about the need to develop a central facility for the disposal of this kind of waste. Since the government had brought forward a proposal to consider South Cayuga, we naturally focused some of the film on South Cayuga. For that reason it is now in the process of being overhauled and remade.

Mr. G. I. Miller: What was the cost? Do you have the cost?

Mr. Frewin: I do not have it in my head. Mr. Higham has some papers.

Hon. Mr. Norton: The cost was \$19,095. There was some updating required subsequently, which cost an additional \$6,700.

Mr. Kerrio: No Time to Waste cost \$19,095.93.

Hon. Mr. Norton: Plus the updating, which is the next item shown below that.

I should think—and I am not speaking as an expert on films—that it would not be a major undertaking to do some editing, if there is reference specifically to South Cayuga, and to continue to use it because I think that basically it is a very good film. It was done internally; it actually was done as a videotape, was it not?

Mr. Frewin: Yes, sir.

Hon. Mr. Norton: I think it could be used in the communication effort, with minor modifications.

Mr. G. I. Miller: I take the comment my colleague from Niagara Falls made about education in the schools. In Haldimand county perhaps, because of their involvement in the South Cayuga industrial waste issue, those children are better educated and on our industrial waste proposal. The young people do realize what it is all about and perhaps some of that could be utilized again around Ontario.

I would hope that some of the knowledge and some of the people who were involved with that knowledge might be utilized to continue the search for answers to our environmental and waste disposal problems.

The Vice-Chairman: I would like to make a brief comment on time. When the time schedule was made out, it did not include the half-hour we started with this evening on the Laughren motion. As a result, we are now really running 35 minutes behind the time schedule. I shall ask that the committee keep that in mind as we go through the agenda. We have now been more than an hour on this particular vote.

Mr. Kerrio: Including that other time?

The Vice-Chairman: No. We started on this vote at 8:30 and we have taken one hour and five minutes of real time. That is central Ontario time.

Hon. Mr. Norton: What about Uxbridge township time?

Item 6 agreed to.

On item 7, analysis and planning activity:

Mr. Kerrio: I want to ask a short question, but I shall not get into the detail we did in the others.

This report, called Alternative Policies for Pollution Abatement in the Ontario Pulp and Paper Industry, was done within the MOE by

Dr. Donnan and Dr. Peter Victor. It talks about making the polluter pay, a pet phrase of a former Environment minister, Mr. Kerr.

Since this was undertaken and since putting it into effect was being very seriously considered—in fact, I am certain that people within your ministry would be very pleased to see something like this put into effect—why has this been shelved? Have you decided that we are not going to go that route?

Mr. Castel: No. I am not familiar with that report.

Mr. Kerrio: It is called Alternative Policies for Pollution Abatement.

Mr. Castel: Do you have a date on it?

Mr. Kerrio: That report was called for in 1976.

Mr. Castel: That report was considered and we were considering the principle that the polluter should pay. This report was done five years ago as far as I can remember. Dr. Donnan is not here tonight and he would be more familiar with it than I am.

Mr. Kerrio: I leave the question with you because I think it is a very important and pertinent question. I know Senator Muskie in the United States has volumes on this same kind of alternative proposal to make polluters pay, or to have some kind of method of encouraging them to clean up their act. I know this is pretty important and I think that it should be looked into to see whether we should not be doing something about it.

Hon. Mr. Norton: On that subject, now that you have raised it, may I point out that we have looked, and continue to look, at a variety of approaches in terms of cleaning up the act and there are a variety that have been utilized in other jurisdictions.

As a matter of fact, Mr. Castel, who was just speaking to you, and I during this past August spent a considerable amount of the time meeting with others in European jurisdictions and talked with them about their experience in those kinds of efforts. They ranged all the way from paying for a licence to pollute—I am not familiar with the specific report, but that may be the implication—to making the polluter pay. That is the kind of thing.

9:40 p.m.

We have discussed it as well with the staff at the Organization for Economic Co-operation and Development—OECD. I keep confusing

hat with the Eastern Ontario Development Corporation, but it is not the EODC I am talking about.

There are a variety of approaches, each of which has its disadvantages, and we are still trying to determine what might be the most effective way to approach that.

Mr. Kerrio: Thank you, Mr. Chairman. I have one question on item 8 and one question on 10 and I will put them very quickly just to get this out of the way.

Item 7 agreed to.

On item 8, legal services:

Mr. Kerrio: Mr. Minister, I am concerned about the attitude in your legal department and of your lawyers. I mean this sincerely. I wonder whether you would consider someone like John Waigen who was with the Canadian Environmental Law Association and has fought on the side of people who have been putting a case and with citizens' groups and such.

Without getting too much involved, the reason I pose that question is that I have here lists of cases where the fines and so on are not much of a deterrent for those people who are poisoning our environment. I would suggest that unless we really do something and get people to make a whole new effort to get these things done, we are not really going to go far in that line.

I am going to bring to your attention one point on a particular case, on a court decision in Anchor Cap and Closure Corporation; maybe they are disadvantaged because of the way the laws are drafted. I have here a copy of that decision, but I will not get into that. Basically it was decided that if a company wants to have a control order amended and the director refuses the amendment, the refusal is appealable to the Environmental Appeal Board. Therefore, any time a company wants to delay having a control on its plant implemented it can ask for an amendment. They can be refused, appeal, ask for another amendment, be refused, appeal, et cetera, ad infinitum. Thus the final date on a control order means nothing, according to the court's decision.

This is very important, Mr. Minister; it shows us that we are not just prepared to criticize you and your ministry, but we offer very constructive criticism. When Bill 143 was before the House, we proposed an amendment which would have made the director's refusal to amend the control order a nonappealable matter.

But you will recall, Mr. Minister, you called that out of order. That may have been the case; it may have been out of order. But if we are going to have a common-sense approach, I would suggest to you that although it may have been out of order when I put it there, I would now hope you are going to consider it in the future and include it. That amendment would correct such a situation. I do not have to read it to you because it is on the record, but it would assist your lawyers to deal a little more ably with these control orders.

Hon. Mr. Norton: I think you are talking about two different things. First of all, I think a more relevant assessment of the success of our legal staff would be not to look just at quantum fines. Those are determined by the courts.

Mr. Kerrio: Then what I have to suggest later would perhaps be more proper.

Hon. Mr. Norton: I think what is very impressive is to look at the list of successful prosecutions. I think that is what you have in front of you, with the disposition listed over on the right-hand side of the sheet. Let me just make this point. Look at the total number of prosecutions and look at the number where the prosecution was not successful. I do not know how many there are here, perhaps several pages. Out of that list of six pages of prosecutions, two were withdrawn and one was dismissed and is under appeal, but every other one was a successful prosecution in terms of the competence of the staff of my ministry who were prosecuting. Now you cannot place upon the shoulders of legal counsel the full responsibility for the decision that is ultimately made by the court with respect to the penalty.

Mr. Kerrio: You are right.

Hon. Mr. Norton: I think any suggestion that there is any lack of commitment or lack of competence on the part of anyone on our staff in the legal department is just shot down completely. I will suggest that there probably is not a law firm in Ontario that has a success record like that in court. That is an impeccable record you are looking at.

Mr. Kerrio: It may have more to do with my question about the fines and whether it is a deterrent or not.

Hon. Mr. Norton: When I was practising law, I thought I was fairly good at times, but I never had a record like that.

Mr. Kerrio: Well, you have to balance what McMurtry does; he has not won one yet.

Hon. Mr. Norton: Our legal staff are in fact his legal staff.

Mr. Kerrio: Maybe you can do some trading.

Hon. Mr. Norton: On the question of the penalties, sure, there obviously are instances where I am less than elated, as I am sure are the staff of the ministry who are prosecuting, by the magnitude of the penalty that is assessed by the court. I think we have taken some steps, as you may recall from the recent legislation that has been before the House, in the matter of imposing a minimum as well as a maximum fine for some offences. That is a major departure from the usual practice in terms of penalties that are included in legislation. I think that is indicative of the determination of the ministry to communicate to those people who may be abusive with respect to the environment that we do mean business.

In terms of your concern about the right to appeal, that becomes a more complex problem.

Mr. Kerrio: Just before you leave the other one, it has been brought to my attention that we are talking of about \$1,900 in convictions. I do not know how you assess the seriousness of the crime with the conviction, but some of them seem to be pretty substantial people we are dealing with.

Hon. Mr. Norton: In this jurisdiction our system of justice is such that the court makes the determination of the magnitude of the penalty.

Mr. Kerrio: Based on the legislation we provide.

Hon. Mr. Norton: Based on the legislation we provide. I cannot go through and look at the sections and tell you off the top of my head what the maximum fines are in each of these cases, but I suspect—

Mr. Kerrio: It seems as though over the years it has been merely a licence to keep doing things.

Hon. Mr. Norton: That certainly ought not to be the case, and I do not know that it is reasonable to suggest we ought to go so far as to fix minimum and maximum fines in all legislation. We certainly are prepared to do it in some instances and we will see how that works.

On the question of the right to appeal a decision of the director, I think that raises important questions, both legal and philosophical, in relation to the rights of individuals, be they corporate individuals or private individuals. If you recall, a few years ago there was a very important royal commission in this province under Mr. Justice McRuer that dealt with that very question in perhaps the most comprehensive way it has been dealt with in any jurisdiction; that is, the right of individuals to

some appeal from an administrative decision, because we are not always right. If you say that an administrator can make a decision from which there is absolutely no appeal, sometimes that might be right, but what if it is not?

9:50 p.m.

Let us suppose that when you were in the construction business and you did something that breached the environmental laws of the province or whatever, and the penalty or the determination was an administrative decision, or when you had a process going in your shop which was polluting the neighbourhood, and you were under an order but felt that if you had one or two more months or whatever you could meet the order but you could not meet it in the time that had been assessed; and let us suppose that an administrator within my ministry said, "Tough, but that's it," would you not feel you ought to have some recourse to somebody beyond that to say, "Look, that's not fair because I am trying to meet it and I will be able to meet it in another two months?"

Mr. Kerrio: That's reasonable. That's what we are losing out in, like in our Niagara Drying Systems at Niagara Falls. It is unreasonable now; it is too long.

Hon. Mr. Norton: The matter is before the court now. Let's be fair about that. Sure, it has been going on for some time, but I also happen to know that you had some concerns about things other than the residents of that community; obviously you had some very deep concerns about the residents and the discomfort they were experiencing.

Mr. Kerrio: But this could go on. What we are talking about in the Anchor Cap and Closure Corporation case is a five-year involvement. You said a month or two for them to get on their feet. That is fine and that is reasonable, but I am afraid what is happening in Niagara Falls is going to be something like what happened with this Anchor Cap deal. Five years later the people are still suffering with that thing.

Hon. Mr. Norton: I am not arguing that we ought not to be looking for ways in which to tighten up the process. If there are ways in which we can do that, I think that is right.

Mr. Kerrio: That is what I am asking for.

Hon. Mr. Norton: But I do not think that

should be by denying people the right to appeal from what they may feel was an arbitrary and unfair decision.

Mr. Kerrio: Fair enough.

Item 8 agreed to.

Item 9 agreed to.

On item 10, Experience '81:

Mr. Kerrio: We are back to a question that was raised and not quite properly dealt with. I want to talk about Experience '81 activities.

Hon. Mr. Norton: Now I know why you asked me all those questions on the Order Paper.

Mr. Kerrio: Sure, where we set you up.

Mr. G. I. Miller: That is what a good opposition is for.

Hon. Mr. Norton: Brown paper envelopes are much better because then I do not know what you are asking for.

Mr. G. I. Miller: You don't have a brown paper envelope, do you?

Mr. Kerrio: It is too late for you to look at the Order Paper questions.

In the funding of Experience '82 programs, there is a 0.64 per cent greater expenditure than for 1981, which is negligible. We are doing nothing there. You made the point a while ago when I was quarrelling about your advertising that you were going into the schools. I said, "Yes, sir, that's the place to go. Start at a very tender age." But we are talking about Experience program activities that are reaching into the colleges and we are talking of very minimal involvement. We are talking in some instances of where they have not been followed up by our people because we see many instances on these last four pages of Experience activities where there is no final report available.

What I am suggesting is that while it is great to go into the elementary schools and start teaching students there about the environment, in place of that gross advertising you do on the media, surely at the college level there could be very important work done by people who might even be prepared to enter the field. What about having those people who are involved in these experience activities print your Legacy paper and make a determination as to whether your ministry is doing a proper job or not, instead of having people hired by your ministry print the paper to tell what a great job you are doing.

Let's get some people. We are talking about all our universities in this province. We would have some independent thinkers who were

going to make an assessment of what you are doing and get that staff who are printing that goofy paper to do something worth while.

Hon. Mr. Norton: That paper does bother you, doesn't it?

Mr. Kerrio: Yes, it does. It is a terrible—

Mr. Riddell: I thought for a minute he was agreeing with you on it when I was talking about it.

Mr. Kerrio: Oh, no, I was waiting to get him in this area.

Hon. Mr. Norton: Although we do not want to interfere with editorial policy, I think I will write a letter to the editor suggesting that the critics' pictures appear on the front page in the next issue. How is that? If that is what is bothering you, I will do that.

Mr. Kerrio: That might be a step in the right direction.

Mr. Riddell: Put a caption, "Future Minister of the Environment."

Hon. Mr. Norton: Which one?

Mr. McNeil: Peterson might not agree.

Mr. Riddell: Better still, "Next Minister of the Environment."

Hon. Mr. Norton: I think it is important, first of all, with regard to the allocation—Are you finished? You looked as if you were going to say something else.

Mr. Kerrio: No, it is just that I am very anxious about it. I think there is such a great source to be tapped among the people of an age who have had the training to do something very meaningful in the area. I am very disappointed that the Experience money is not there.

Hon. Mr. Norton: Almost all of the students who work in the Experience program in our ministry are involved in some way or other in the field in studying in a related area. There are very few, I understand, whom we can provide with a similar experience unless they are involved in some area related to environmental studies.

Mr. Kerrio: Sure, but you are not giving them any money.

Hon. Mr. Norton: What do you mean by we are not giving them any money?

Mr. Kerrio: Look at your funding for those Experience '81 and Experience '82 programs and compare them.

Hon. Mr. Norton: The other thing that is important for you to understand is how the Experience program is administered across the government. The central allocation and admin-

istration is done through the youth secretariat. What you see reflected here is the allocation we receive. I suspect, although I cannot say, not having examined everybody's estimates, that the rate of increase is probably comparable in this program across the whole of the government. That is not an allocation decision on the part of our ministry itself.

Having said that, sure, we would be able to use considerably more if it were available to us. But, as we must in all our programs, we have to attempt to live within the allocations.

Mr. Kerrio: There you are. That is why we are telling you to take the money from that advertising and from some of those things that we say are not as productive as having these young people involved would be.

Hon. Mr. Norton: The point I am trying to make is that taking the money out of advertising—Goodness, I thought that after that explanation I gave you of the importance of the advertising program to the general public in this province, you would not question it any more. Haven't I convinced you yet? I know I have not convinced your researcher; he is shaking his head.

That would not achieve your objective because if that money were offered up for the Experience program, inevitably it would go back to the central allocation and be distributed across the whole of government if, in fact, it were approved by Management Board of Cabinet.

You are concerned about universities. If you look at the first several pages of this as to allocation of money, you will see that is precisely where most of it is going.

Mr. Kerrio: I appreciate that. That is why I made that comment.

Hon. Mr. Norton: Included are the University of Western Ontario, the University of Windsor, Mohawk College of Applied Arts and Technology, McMaster University, the University of Guelph, the University of Waterloo, the University of Toronto and National Survival Institute—I am not sure where that is.

Mr. Charlton: Isn't that in the ministry somewhere?

Hon. Mr. Norton: I should remember, but I think I have a block. I think that is where all cabinet ministers go for training.

Interjections.

Hon. Mr. Norton: Then there are York University, Centennial College of Applied Arts and Technology, Loyalist College of Applied

Arts and Technology, Queen's University and St. Lawrence College of Applied Arts and Technology and University of Ottawa. It covers the whole province.

Mr. Kerrio: Absolutely. It is the most worthwhile thing you are doing.

Hon. Mr. Norton: Great. I am glad you agree.

As to those specific projects that do not involve a final report, it does not mean that it is useless. Those are internal assignments where the individual would be working in the ministry with other staff, assisting in particular projects.

Flip to your last page for a moment. What kind of a report would you expect to receive from someone who had worked as an assistant librarian in the water resources branch? You would have to look at what the particular task is before you would jump to the conclusion that because there is not a formal report requirement at the conclusion of the summer—in most cases it is later in the fall to give them time to write it—that means that—

Mr. Kerrio: She could tell us whether she thought the library was being run properly or something, or what to do with your newspaper if we had some of your money.

10 p.m.

Hon. Mr. Norton: You were talking about bureaucracy. I thought you were concerned about efficiency, yet you would have everybody churning out paper. We do meaningful things.

Mr. Kerrio: Maybe you would make an assessment.

Hon. Mr. Norton: We do not just give people paper assignments in our ministry.

Mr. Kerrio: The heck you don't.

Hon. Mr. Norton: We are not engaged in bus work. That is something we left behind in elementary school.

Mr. Kerrio: Is this going on the record?

Hon. Mr. Norton: We do meaningful task. Of course it is on the record.

Mr. Kerrio: Dear, dear.

Hon. Mr. Norton: If your argument really that we, as a ministry, ought to be engaged more heavily in busy work, having people do papers and reports on things that do not require reports, then say it on the record. That is what sounds like to me you are saying.

Mr. Kerrio: No, that is not what I said. I will just make a comment now in closing.

I would like to see Experience program activities, because they are being done by college students and are a very worthwhile

effort, not be so restricted in funding. This is one of the few places where you seem to be very restrictive in funding. There are some areas—and have to bring this back into perspective—where you spend literally many times more than adequate money to do your advertising, while you are doing something that restricts these people where there could be very meaningful research studies and other things done.

When you point out that there would be no report from that particular area, I am not suggesting there should be. I would say that in many of the others it would be nice to see the reports, and if there are some that do not require a report, I would not expect it. But there are quite a few which really could have a report in them.

Hon. Mr. Norton: The point that you have to remember is when you look at some of these things, like waste assimilation surveys, information systems, and so on, they would be presumably internal projects where they were working long with staff in the ministry and so no subsequent formal report would be required.

Mr. Kerrio: Right.

Hon. Mr. Norton: I would point out that the program on the whole has been a great success. You have to bear in mind that across the whole of government something in the range of \$13 million is spent on a six- to eight-week program providing experience for young people and there are some exceedingly fine products from that experience.

I would point out that one of them, your researcher, is sitting in the room tonight. I am sure you could consult him and he would tell you how great the experience was.

Mr. Kerrio: We are not arguing that. We are suggesting you are short-funding them. You are pulling a Dennis Timbrell on us.

Hon. Mr. Norton: Is your point that you feel they are underpaid or that we do not have enough students involved?

Mr. Kerrio: No. In looking over these estimates, we are suggesting priorities.

Hon. Mr. Norton: Yes.

Mr. Kerrio: I am suggesting that money could be much better spent in increasing the experience program allocation from your advertising fund.

Hon. Mr. Norton: All right. But, again, let me just explain that we within the ministry do not make the allocation for the Experience program.

Mr. Kerrio: No, you just provide the money.

Hon. Mr. Norton: That allocation is made through the youth secretariat to each ministry across government—

Mr. Kerrio: Ah!

Hon. Mr. Norton:—based on an assessment, I assume, of the numbers of opportunities for a meaningful summer experience that exist in each ministry.

For example, in my previous existence in Community and Social Services we would have had probably substantially more than this number of Experience positions for the summer because the ministry had 12,000 employees across the province and there were many more opportunities in a ministry of that size.

If you want to address the Experience program as such, then you have to address it in the context of a total commitment of \$13 million in a six- to eight-week program and say how much more than that you feel ought to be spent and then communicate that in the estimates of the Provincial Secretariat for Social Development to which the youth secretariat responds.

Mr. Kerrio: Thank you very much. That is very constructive. We shall do that.

Hon. Mr. Norton: All right. Any help you can give us in getting more money, we would always appreciate.

Item 10 agreed to.

The Vice-Chairman: There is a supplementary on item 7 of \$27,000 for analysis and planning.

Item 7 agreed to.

Vote 2101 agreed to.

On vote 2102, environmental assessment and planning program; item 1, program administration:

Hon. Mr. Norton: Mr. Chairman, may I make a suggestion to the committee? I am not trying to steer the business of the committee, but given the time and the fact that within this vote—I have forgotten the item—the Environmental Assessment Board is included, I would draw to your attention that the chairman, Mr. Barry Smith, is here this evening. If you have any questions you would like to address to him, rather than have him have to come back repeatedly, it might be a courteous act if you would consider dealing with his item out of order while he is here. You may not have any questions you wish to address to him personally; I do not know. If not, that is fine too.

Mr. Wildman: With respect, although I would not want to inconvenience the chairman, although

I am not a member of this committee, the main reason I am here is that I had some specific questions with regard to acid rain and I had hoped to be able to get on this evening.

The Vice-Chairman: I am in the hands of the committee. Does anyone have any particular questions?

Mr. Kerrio: About acid rain?

The Vice-Chairman: No, for the witness.

Mr. Charlton: I am not prepared for that item, and my colleague did come in this evening specifically for questions on acid rain.

Hon. Mr. Norton: We are in the hands of the committee.

The Vice-Chairman: I gather the consensus is that we take it in order.

Anything on item 1? If not, I will introduce item 2.

Mr. Kerrio: Mr. Minister, on this particular question I would like to start out with something that I think is pretty significant.

The Vice-Chairman: Acid rain may, in fact, be under item 1. Just hold on a minute.

Mr. Kerrio: Item 1? Whatever acid rain is under, when you decide.

The Vice-Chairman: It is under item 1.

Hon. Mr. Norton: I think if you check my opening statement I made specific reference to the fact that it was under item 1.

The Vice-Chairman: I guess we had better back up.

Mr. Kerrio: I will raise one question, Mr. Charlton, instead of going through it like I did before, and then you can come in.

Mr. Minister, I think a very important and significant question on opening this vote would have to do with your involvement with the federal minister as it relates to acid rain. We understand that you were not too pleased with the federal minister when he suggested there should be a 50 per cent reduction in emissions in Canada. Obviously, because of the circumstance, that would mean considerable reduction in Ontario.

As we understand it, you sent him a letter on his assessment of the situation as it relates to what he considers should be a mark and that Mr. Roberts then sent back a letter to you replying to your concerns.

Would those letters be available to the committee to give us an idea of what transpired

and whether you are going to co-operate and start reducing acid rain in Ontario to the degree that the federal minister is concerned?

10:10 p.m.

Hon. Mr. Norton: I have received a letter from Mr. Roberts and I also met with him on Monday morning of this week here in Toronto.

Mr. Kerrio: Would you share your letter to him with us?

Hon. Mr. Norton: I do not have either of them with me tonight.

Mr. Kerrio: Maybe you will give us the gist of the letter.

Hon. Mr. Norton: The reason I wrote to Mr. Roberts—based on the report of a speech he had given in New York City, I believe—was that he and I had been having meetings along with the Minister of the Environment from Quebec, the Minister of the Environment from New Brunswick, who represents the Atlantic provinces, and the Minister of the Environment from Manitoba, who represents the western provinces.

Representation in the east and the west is determined by those provinces. They constitute a board of ministers who have responsibility for making certain policy determinations on the acid precipitation and sulphur emission situation in Canada.

They also have input with respect to the strategy in dealing with the United States. That includes efforts to try to organize the research efforts going on within Canada to co-ordinate the information. They make the information generally available to each province so they know what efforts the other provinces are making.

The apparent misunderstanding arose out of our most recent meeting, which goes back to some time in October. We had been discussing establishing a national target and strategy to deal with acid precipitation and there had been some considerable debate as to the most appropriate way in which to arrive at the target.

One of the options dealt with an across-the-board reduction. This is one of the options being talked about considerably in the United States by some of the people whom I will describe as our allies in the United States.

Mr. Wildman: Ideological or environmental

Hon. Mr. Norton: Environmental, on this particular issue anyway. I suppose, by and large

they are ideologically a little more closely oriented towards Canada than the present administration in the United States.

Mr. Wildman: I meant conservatives.

Hon. Mr. Norton: No, from both major political parties in the United States. The other approach is one we, for want of a better expression, described as the bubble approach. You take specific areas where the problem may be more severe and you place a particular requirement on that area. It might require a greater reduction than you would apply in an area where significant action had already been taken.

I have suggested, even in our approach to the United States, that an across-the-board reduction may not be the most appropriate. Some states have actually done more than others and some are much, much greater contributors to the problems than others. For example, a 50 per cent reduction in Ohio may be a major reduction for them but, in terms of the total problem, they would still continue to be a major contributor. They may have to be dealt with differently from the state of New York or some of the New England states or others in the midwest.

We felt there was an understanding we would give some further thought to that and none of us could publicly advocate any particular position as our Canadian position prior to a subsequent meeting. The report that emanated from New York appeared to suggest Mr. Roberts had taken a position on an across-the-board reduction. That triggered my sending him a letter and suggesting that was not what I had expected and thought there was an understanding we would be discussing it further.

According to the letter I have received from him since and the communication we had on Monday, the press reports did not accurately reflect what he said in New York. He had not suggested Canada would be taking that approach. He was expressing support for the idea being put forward by some of the congressmen in the United States for a 50 per cent reduction.

That is quite different from what it appeared he was saying in the press report. I think his letter has made it clear it was basically a misunderstanding through the interpretation given to his statement in the media. So that is the essence of the exchange of those two letters.

Mr. Kerrio: You are friends again?

Hon. Mr. Norton: Oh, we have always been very co-operative on this issue and I hope it will remain that way.

Mr. Kerrio: You only use that fed routine when you cannot answer our questions in the Legislature.

Hon. Mr. Norton: I call a spade a spade.

Mr. Wildman: Mr. Chairman, I would like to follow up on the federal subcommittee's report and the recommendations as they pertain to Ontario. I recall the federal member for Sault Ste. Marie was the chairman of that committee. I find it interesting that although the minister has—and I commend him on his attempts to persuade our American friends to see the import of this problem and has become involved in speeches and even in the courts in the US.

I would like to talk specifically about Ontario. I know when I was on the committee looking into the issue of acid rain, my friend, Mr. Piché—he was here earlier; I do not know where he is now—and Mr. McIntyre from the Sudbury office got into an interesting discussion with the committee members as to whether or not it would better to clean up our own backyard before trying to persuade our neighbours to clean up theirs.

I find it encouraging to have the federal committee, with all parties represented, come out with a report that not only talks about the need to clean up in the United States, but looks specifically at companies such as Inco and Ontario Hydro in Ontario and makes a number of recommendations with regard to cleaning up our backyard.

From the information given that committee, I honestly believe that if we had about 10 years and did not have significant action in the first two to three years, not only would we have the 140 lakes that are now dead, but potentially up to 40,000 lakes would be adversely affected. Perhaps there would be even further forestry vegetation and crops in southwestern Ontario also affected.

I really do regret very much that this ministry and this government apparently have taken the position they are going to accept continuing emissions from Inco at a level which is completely unacceptable. There are 3,700 tons per day ongoing when we had—well, I am willing to be corrected but I know the—

10:20 p.m.

Hon. Mr. Norton: The present level is running about 2,200 tons.

Mr. Wildman: All right. Sorry, it has come down from the 3,700. But the committee was presented with information from my colleague from Nickel Belt (Mr. Laughren) who indicated

it was from a subcommittee report which was from Inco's internal committee report. It indicated they could, indeed, get down to 1,500 tons per day.

When that was presented in the committee it was substantiated and acknowledged by the experts from Inco. Yet, when that was presented in the Legislature by my colleague, the minister denied its existence. I still do not understand the position taken by the minister.

I could understand it if he had risen in the Legislature and said it was a study done by Inco and they decided it was not economic and the ministry agreed and for that reason he did not force them to move to 1,500 tons per day. Instead he got up and he denied the existence of the report.

Hon. Mr. Norton: I did?

Mr. Wildman: Yes, you did.

Hon. Mr. Norton: What, when Floyd Laughren raised that in the House?

Mr. Wildman: That is right. When he spoke after the recess in the evening and he had the report in his hand, the minister denied the existence of the report. He asked him to prove the existence of it. Well, it was right there. He had it.

Hon. Mr. Norton: Listen, may I just interject? I do not like to interrupt, but I think there is a major misunderstanding of what occurred in the House on that particular day.

When Mr. Laughren raised the question of what he described as the internal report, my response as I recall was that he had already asked that question each year for the last several years and already had a response to his question. I did not deny the existence of the report—

Mr. Wildman: I think if you check in Hansard, Mr. Minister, you will find on that evening when you had—

Hon. Mr. Norton: I might have asked him to show me where that technology was in operation.

Mr. Wildman: You asked him to show you where Inco had said that technology was possible and he had it right there. You did say that.

Hon. Mr. Norton: I did not deny the existence of whatever report he was referring to, that is incorrect. Unless you can show me in Hansard, I believe my recollection is correct. I did not deny the existence of the report.

Mr. Wildman: All right, I will look it up in Hansard. At any rate I do not want to get into that argument—

Hon. Mr. Norton: You are the one who raised it. If you are accusing me of denying the existence of a report, then produce your evidence.

Mr. Wildman: All right, I will, but I cannot right here.

Hon. Mr. Norton: I am quite confident you cannot.

Mr. Wildman: I do not want to get into that argument in the few minutes we have left. The point is even if you accept there was a report—and you are saying you do accept there was a report and my colleague has raised it over a number of years since the report was produced by Inco in 1975, I believe—they were suggesting they could reach that limit and the fact is this ministry has decided not to force Inco to move to that limit.

Hon. Mr. Norton: Are you inviting a response now?

Mr. Wildman: Yes. All right, if you accept there may be a suggestion by Inco they could reach it, why are you not telling them to reach it?

Hon. Mr. Norton: First of all, dealing with some of the earlier parts of your comments, you have suggested we have accepted the fact of continuing high emissions at Inco. I think that overlooks a number of things. First of all, the fact that Inco continues to reduce its emissions

Mr. Wildman: I do not deny that. No sufficiently—

Hon. Mr. Norton: All right. The fact they have reduced their emissions from—and I am not suggesting it is all a result of control orders there were other factors involved as well. But nevertheless, from the peak of 7,000 tons a day in 1969-70, they are now down to an average of about 2,200 tons a day.

Mr. Wildman: After an order they get to 750 tons per day.

Hon. Mr. Norton: With an order that will bring them to 1,950 tons by late next year. I am determining what the most effective technology might be for the next stage of reduction, both for the federal government and we have—for want of a better expression—a task force that is presently looking at available technology, including the Felske report, which initially I thought you were referring to, because when the Leader of the Opposition (Mr. Smith) rose in the House with the Felske report in his hand one day I said

have not seen it." He said: "It is on your desk. You are hiding it." I said, "If it is on my desk, show me where it is."

Mr. Wildman: I am not talking about the Felske report.

Hon. Mr. Norton: But that report is relevant to what I am saying at this point. The Felske report had been commissioned for the purpose of being forwarded to the Canada-Ontario task force, which is what precisely happened to it, and I had not seen it. Neither should I have seen it necessarily; it was commissioned before I arrived in the ministry, it arrived shortly after I arrived in the ministry and went to its appropriate destination.

That task force will be reporting in the new year. The target is for February, but I understand it may be delayed a month or two, in bringing in its recommendations to both the federal government and Ontario on the next stage of reduction with respect to smelters.

There has never been any suggestion or expectation on my part, on the part of the ministry and I can fairly say on the part of Inco that the 1,950-ton level is the end of the line. That is not the intention. What I think we have to do responsibly is know what the most effective and appropriate technology is for further major reductions.

I know that Inco is taking the whole thing very seriously and in fact is committing very significant resources itself in looking beyond the 1,950-ton level. Even at 1,950 they continue to be a major source of emissions, perhaps still the major source. They have some unique problems to deal with and they are going to be very costly, whatever the technology employed is going to be. If it appears on the basis of the information we receive that the technology is there or can be put into place to reduce them to 700 or 850, or whatever, then that is the direction in which we will be going. They know it is not the end at 1,950.

In looking at what Ontario has achieved it is important to bear in mind as well that over the period from about 1970 to 1980, the reduction in Ontario in sulphur emissions was about 50 per cent of the gross emissions for the whole province. That is nothing to sneeze about or to be afraid of. Ontario has made a very significant contribution to the reduction of sulphur emissions on this continent and we continue to do.

Mr. Wildman: The question is, is it enough or is it not enough?

Hon. Mr. Norton: No one has ever said it is enough, but 50 per cent as a starting point after 10 years is a very major step forward.

Mr. Wildman: We had experts come before the committee and tell us we had three years and if we did not have significant action before three years it was going to be too late for a significant number of lakes, no matter how much you reduce after that.

Hon. Mr. Norton: I do not know who the experts were who used the period three years. I know there are those who use the period 20 years.

Mr. Wildman: It is 10 to 20 years overall.

10:30 p.m.

Hon. Mr. Norton: There is no question that further action has to be taken. We also have to recognize that it is not something which we alone can conquer and that is why a significant amount of our recent effort has in fact been directed to our neighbours—and I must say with some encouraging signs of progress.

Mr. Wildman: I do not debate that. I think that is a good idea. But I just want to finish off—and I guess we will have to come back on Tuesday on this—by saying it appears to me, and not just to me but to many people, that what is happening in the negotiations with Inco is that basically you have accepted what they intended to do in the first place, their schedule, and that your order is tailored to fit their schedule and not some other schedule.

Even if you accept that as a legitimate approach and a way to deal with Inco, unless the provincial government shows willingness to deal with its own utilities it is going to be very difficult to persuade the electric utilities in the US and the authorities responsible for governing them to move, especially with Reagan's approach to coal-fired thermal generation.

I just want to raise some questions on Tuesday, Mr. Chairman, with regard specifically to my region and to my riding, to the most important and largest community in my riding and Algoma Ore Division in Wawa, so I cannot be accused of only pointing the finger at other areas of the province.

Hon. Mr. Norton: I can assure you we have our eye on them.

Mr. Wildman: I know you do.

Hon. Mr. Norton: Along with a number of others.

The Vice-Chairman: Before we adjourn—

Mr. Kerrio: We cannot carry the vote.

Hon. Mr. Norton: No. I said I quite enjoy discussing the subject, so I would be quite happy to carry on.

Mr. Chairman, I would like to ask one question. Could the committee give us an indication as to whether they are likely to want to direct questions to Mr. Barry Smith, the chairman of the Environmental Assessment Board, so we can give him some indication as to whether he ought to return or whether it will be necessary?

Interjections.

Mr. Kerrio: Yes. It is just a matter of when we are going to want to—what vote does that come under?

Hon. Mr. Norton: It is in this vote.

Mr. Kerrio: Is it in this vote?

Hon. Mr. Norton: Yes, it is item 6.

Mr. Kerrio: It would most appropriately fit in in our next discussion, would you not think so?

Hon. Mr. Norton: Given the time allocation that you have made—

Mr. Kerrio: Tuesday.

Hon. Mr. Norton:—Tuesday night would be the appropriate time?

Mr. Kerrio: Yes. We will always adjust if we have time to do it. We can by Tuesday night.

Hon. Mr. Norton: Yes. Can you be here on Tuesday night, Barry?

Mr. B. Smith: Yes.

Hon. Mr. Norton: Okay. Are you likely to want to discuss matters with Dr. Chant? What does the—

Interjection: That is the last vote.

Mr. Charlton: It is the last item in the last vote.

Hon. Mr. Norton: Right. Thursday night?

Okay. All right. Just so we can give him an idea. I am sure he would find our discussion fascinating, but he might have other pressing commitments.

The Vice-Chairman: We will adjourn until 8 o'clock Tuesday evening.

The committee adjourned at 10:35 p.m.

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from the Ministry of the Environment:

Castel, A., Director, Program Planning and Evaluation Branch
 Lewin, R. J., Director, Information Services Branch
 Smith, B. E., Chairman, Environmental Assessment Board

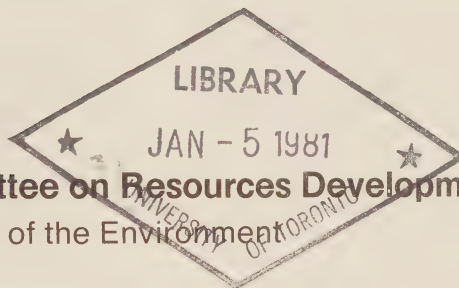


No. R-14

Legislature Assembly

Legislature of Ontario Debates

Official Report (Hansard)



Standing Committee on Resources Development
Estimates, Ministry of the Environment

First Session, Thirty-Second Parliament
Tuesday, December 8, 1981

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday, December 8, 1981

The committee met at 8:07 p.m. in room No. 228.

ESTIMATES, MINISTRY OF THE ENVIRONMENT

(continued)

The Acting Chairman (Mr. J. M. Johnson): We might as well start tonight, if you are in agreement that I sit in as chairman. I call the meeting to order.

On vote 2102, environmental assessment and planning program; item 4, pollution control planning:

Mr. Wildman: Mr. Chairman, I was discussing with the minister the question of acid rain, and we had talked a little bit about Inco and Ontario Hydro's coal-fired generating stations.

As I understand it, about 20 per cent of Ontario's acid rain is produced by Hydro. I had indicated it was my position the provincial government should be showing the way in cutting emissions. We could then more easily persuade the private sector and the Americans to follow suit.

The last time we met I also indicated that I wanted to deal more specifically with my own area. I mentioned the Liberal MP for Sault Ste. Marie had chaired the federal subcommittee on acid rain which published the report called Still Waters. In that report, while the committee certainly takes the United States to task I think it sensibly focuses on what should be done in Canada in order to help solve the problem.

The report recommends limiting emissions from specific companies, improving emission standards and studying the effects of acid rain. It also recommends putting more teeth into environmental legislation in this country, which includes the raising of penalties for polluters.

I applaud this ministry for being involved with the increasing of public awareness, although I am a little concerned there has been so much emphasis placed by the ministry on the United States' contribution to our acid rain problem. I do not in any way debate it is a major problem; depending on whose calculations you look at, the United States could be contributing from 50 to 60 per cent. But as I said last week, I certainly

do subscribe to the view we must clean up our own backyard in order to persuade our neighbours to do the same.

The subcommittee's report also stated there were various methods that could be used to induce polluters in this jurisdiction to limit emissions and to install pollution control devices. As I said, I wanted to deal specifically with my area. I hope to engage in some discussion with the minister and his staff with regard to Algoma Ore Division in Wawa, which, after Inco, is perhaps the second largest polluter in northern Ontario in terms of emissions of SO₂.

Not long after the establishment of the superstack at Inco there was a proposal that a similar method be used at Wawa by Algoma Ore. Then, however, we were alerted to the effects of the superstack at Sudbury; we were spreading the problem around. Although we were certainly assisting in the protection of the immediate environment of the plant at Sudbury, helping them grow grass and the various other things Inco is doing there, we were spreading the pollutants higher into the atmosphere and in a wider swath, to the extent we had affected lakes in a wide area from Muskoka perhaps into southern Ontario and as far east as Quebec and the Maritimes.

Therefore, the decision was made it would not make sense, even if it were economically viable, to require Algoma Ore to build a superstack at Wawa. It would simply be repeating the effects we had discovered from Inco's operation at Sudbury.

I know in response to that the ministry established a meteorological monitoring system in Wawa so if there were specific weather conditions, such as wind changes, and certain emission levels, the sintering plant would cut back. Despite the fact the ministry continually tells me most of the emissions from Algoma Ore go out over Lake Superior and it is such a large body of water it is not that serious, we all know there is about a two-mile wide, 20-mile long swath of desert northeast of the operation.

There have been studies done which have found, surprisingly, that the plume seems to be affecting not only that area northeast of Wawa where we see the desert, but the area as far

south as almost halfway between Wawa and Montreal River Harbour in Lake Superior park. There have been studies done, I understand, by the Union of Ontario Indians, for the Gros Cap band at Michipicoten, which indicate serious effects on vegetation, forestry growth and so on, in an area south of Wawa.

I understand the ministry has an order on Algoma Ore to investigate methods of limited emissions by new technologies. It has been investigating new installations with the Japanese and the Germans, and the Germans have been coming in to do tests.

I would like the minister, if he could, to give me some update as to what Algoma Ore is doing to limit the emissions which affect the immediate area and, at the same time, not to add to our acid rain problem. What is the timetable? What is Algoma Ore prepared to do? What is the ministry prepared to do? As the Still Waters report says, this minister and other Canadian politicians must face the chilling reality of acid rain. We must wage war on acid rain in our own battlefield as well as south of the border.

Hon. Mr. Norton: Mr. Chairman, I think it has always been implicit, if not always explicit, in what I have said that we recognize the war against acid rain has to be fought on all fronts, including the home front. It is important to bear in mind the progress which has been made. I have never suggested there was not a lot more which could and will be done.

You have indicated in your remarks a fair degree of knowledge of what is under way concerning Algoma Ore and the problems which exist, and so you should, since it is in your riding. I will in a moment call upon one of the staff more familiar with the specifics of what is going on in the area to respond in detail to the latter part of your question.

If I can I will make a few general comments on, for example, the Still Waters report. As I have indicated, I am in support of the objectives of that report. In view of the intent of the committee which authored the report, I assume in their minds it was important to try to be balanced in their approach and not appear to be simply on an American-bashing exercise. They tried to balance it with a broad look at the situation across Canada. They might have gone somewhat further in acknowledging what had already been achieved in some Canadian jurisdictions, particularly with respect to Ontario.

As I mentioned on the last night we were in session, I believe, the overall emissions in Ontario over the last decade have been reduced

by 50 per cent. With the exception possibly of Sweden, I know of no other jurisdictions which have achieved that kind of reduction.

As I also explained on that occasion, this reduction was not necessarily as a result of efforts directed towards the problem of long range transportation of air pollutants. It was one of the byproducts of the earlier effort on cleaning up the ambient air problems in local communities. One of the fortunate byproducts has contributed significantly to the reduction.

The figures which were used, for example, in Still Waters—I think that is where he was talking about a 50 per cent Canadian contribution to the problem—are probably accurate on a nationwide basis, but when one looks at specific areas, in particular the most vulnerable areas of this province, the evidence certainly exists that the contribution of Ontario to the deposition in those areas is smaller.

For example, if one takes Muskoka and Haliburton, the contribution from the United States is probably as high as 80 per cent. In other parts of Canada, the contribution from the United States may be minimal. But what they are driving at with those figures is that, on a nationwide basis, it is about a 50-50 split.

8:20 p.m.

I will use Alberta as an example. This may not be accurate, but hypothetically the acid precipitation in Alberta could be principally a Canadian problem. Given the fact that some of the states bordering on Alberta are not highly industrialized states, very little of the problem may be originating down there. I cannot verify that.

Mr. Stokes: It depends on the prevailing winds.

Hon. Mr. Norton: Of course. As Alberta becomes more heavily industrialized over the next few years and unless they take steps to put in sophisticated abatement technology, they may well contribute more heavily to the provinces lying to the east of them. If we look specifically at the Ontario situation, those figures do not necessarily hold true.

I suppose that now might be an appropriate time to ask Irv McIntyre if he could perhaps come up to the table. I hope, Irv, that I have not, by my remarks, caused you to forget what the specific question was. It related to Algoma Ore and what is under way there.

Mr. Wildman: Before Mr. McIntyre responds, you will understand, Mr. Minister, that—

Hon. Mr. Norton: You have probably already discussed it with him.

Hon. Mr. Norton: I am not aware that there was any such attempt to meet with Mr. Varga; neither was I at the time. Well, obviously if I was not at the time I would not be now.

Mr. Kerrio: That is what the report said, that they were making every attempt to get him to withdraw the Environmental Assessment Board—

Hon. Mr. Norton: What reports are you referring to? I am not aware of any meeting or any attempted meeting.

Mr. Kerrio: No, I am suggesting they were attempting to meet him. They requested a meeting, there seemed to be pressure being put on Mr. Varga. I wonder if you would investigate—

Hon. Mr. Norton: To dissuade him from—

Mr. Kerrio: Yes, from making the request for the hearing.

Hon. Mr. Norton: I am not aware of any such attempt to dissuade Mr. Varga or anyone else.

Mr. Kerrio: We can pursue that. Two questions of prime concern to me are, one, that after the fact the ministry did not initiate this—I wonder if you might do me the favour of having someone in your ministry check with Mr. Varga and get directly from him what transpired and why he insisted on continuing to press for the hearing.

Hon. Mr. Norton: I presume he continued to press because he felt it was a matter which he ought to press.

Mr. Kerrio: I am anxious to find out whether the two deputy ministers were trying to contact him to dissuade him from doing that. If you are not sure, is it unreasonable to ask you to have someone in your ministry check with Mr. Varga to see what he has to say?

Hon. Mr. Norton: I do not know Mr. Varga and I have no intention of contacting Mr. Varga then or now, but I will inquire to see if anyone is aware of such a meeting.

Mr. Kerrio: Maybe within your ministry they may have some other evidence as to what transpired.

Mr. Charlton: Not on such a meeting, but such a request.

Hon. Mr. Norton: The request for a meeting?

Mr. Charlton: Mr. Kerrio did not say there was a meeting. He said there was a request for it.

Mr. Chairman: There is a vote at 10:25 and I think if we leave at 10:23 they will wait for us.

Hon. Mr. Norton: Are you saying there was a meeting or a request for a meeting?

Mr. Kerrio: No, there was a request for a meeting by the two deputy ministers and Mr. Varga suggested it was to dissuade him from carrying on with his insistence that they have the hearing.

Hon. Mr. Norton: I will see what I can find out for you.

Mr. Kerrio: Yes, I wish you would. I do not expect you to have all that information, but I would appreciate it if you would investigate and tell us whether that pressure was put on Mr. Varga or not.

Mr. Charlton: Mr. Chairman, I have a number of items I wanted to raise under the Environmental Assessment Board but, before we have to leave for the vote, while we are on this topic of the relationship between your ministry and MTC—this does not specifically relate to the Environmental Assessment Board although that is ultimately where it would or could end up in most cases.

Can you explain to me how a situation like the QEW Burlington Skyway-Hamilton situation could arise—the situation we had last spring? While you have had a high-profile problem like that and high-profile discussions over a fairly lengthy period of years, there appeared to have been very little contact and/or consultation between the ministries at all.

Hon. Mr. Norton: I do not think it was that there was no contact—

Mr. Charlton: I am saying what there appeared to be.

Hon. Mr. Norton: —and I think it is important to bear in mind as well that one of the roles of the staff of my ministry is to act as the co-ordinator, and I think it is important to make a distinction between that role and the role of reviewer. My ministry happens to have two roles in this. They not only do a review but another individual is the co-ordinator of the overall review, which involves input from several other ministries, perhaps Treasury, Natural Resources and whatever.

10:20 p.m.

In that case I think there was a fair amount of misinterpretation of what was actually said in the review. For example, because some of the data on traffic flows over the Skyway were several years out of date and a suggestion was made that they ought to use current data in justifying the need, the interpretation some placed on that was that we were saying there was no need. I do not think that was a comment

that originated from our ministry. It originated from one of the other ministries but was part of the total review.

Mr. Charlton: It was probably in the press. I understand that.

Hon. Mr. Norton: The other matter that I think was raised was whether they had fully explored alternatives—I think it was in that context—the tunnel, for example, being another. I do not know whether that was a practical suggestion or not but the fact of the matter is that maybe they did not fully explore all of the alternatives. That does not mean we were saying it was a total failure.

There is a great deal of sensitivity over environmental assessment and sometimes quite reasonable statements that may be made in a review can trigger an overreaction and that is one good example of where it did. I mean I started hearing from radio stations and everyone else in the Niagara area asking what we were up to by saying there is no need for a twinning of the Burlington Skyway. That is not what we were saying.

Mr. Charlton: Okay, I understand all of that part of it. I am fairly up to date on that part of it. My concerns lie somewhat before that.

You may be right that they did not look carefully enough and fully enough at all of the alternatives. You may be right about a number of things; the data they used may have been out of date. My concern is that with the concerns we have for the environment and with an exceptionally high-profile problem like the one under discussion, why is there not a more adequate go-between between the two ministries so MTC says to your ministry: "Okay, here is what we have to solve. What do we have to satisfy? What kind of things are you going to jump on us for? What do we have to look at in terms of the tunnel? What do we have to look at in terms of the twinning?"

What I do not understand is how it got as far along the road as it did without some substantial consultation.

Hon. Mr. Norton: At the time that was under preparation the pre-consultation process was not in place. We were dealing with an assessment that had been prepared for submission prior to the pre-consultation process. I would hope that process would ensure that kind of thing would not happen again.

Mr. Charlton: I hope so.

Hon. Mr. Norton: One of the other things of course is that we are dealing with a very exacting piece of legislation. We are charged with the responsibility for administering a piece of legislation that is very demanding.

Mr. Charlton: The assessment act?

Hon. Mr. Norton: Yes. You cannot play it on both sides of the fence. There may well be some need for a review of some aspects of that legislation. I am sure if I ever suggest it your caucus is going to be the first to scream bloody murder. You are going to say, "You are denuding it, you are destroying it—"

Mr. Charlton: We are already saying that.

Hon. Mr. Norton: Of course you are. Yet on the other hand, you are asking, "Why is it so exacting?"

Mr. Charlton: That is not what we are saying here tonight at all. As a matter of fact, my concerns about how the proposals are developed has nothing to do with whether I feel it should be reviewed in a very exacting way. I feel it should be and I have no objection to the Skyway bridge—even though it is in my area—or anything else being reviewed in an exacting way. My questions were about how the proposal came so far without—

Hon. Mr. Norton: As I say, we have introduced some procedures to try to improve that.

Mr. Chairman: Being almost 10:30 and as the bells are ringing we will stand adjourned until 10 o'clock tomorrow morning.

The committee adjourned at 10:23 p.m.

situation where the report says it is not economical—I do not think we would initially take that at face value. Presumably we would engage in some further examination of the realities of the economic viability of the operation before we would accept those kinds of conclusions.

One cannot dismiss the possibility, maybe even the likelihood, at some point that for a given operation that may be the realistic choice to be made and it would be a very difficult one, especially in view of the interests of that particular community.

Initially, at least, I think one would have to assume that further examination was necessary before accepting such conclusions, partly because of the fact that whether you are talking about the United States or even, in instances in the past, here, that is one of the first lines of defence that companies use. If you talk to the American operations that is essentially one of the arguments made.

I do not think one necessarily accepts such a conclusion without first carefully examining the work that went into it, the methodology that was used; if it was not specifically agreed upon in advance, the kind of financial analysis that went into it; and do our own financial analysis of the corporation, including the cost of the abatement measures that would be necessary. On the basis of those things we would also be prepared to draw our own conclusions, which may or may not be the same as those in the report.

Mr. Wildman: Again—I mean this quite sincerely, I am not prejudging—they may come through with a report which will indicate they are prepared to do certain things which will lower emissions substantially. That could happen.

Hon. Mr. Norton: The other thing, of course, that if that were a valid and accurate assessment of a situation, surely one would then so have to take into consideration the overall situation in terms of the total abatement objectives to see if one could go the whole distance in the operation, whether one could do other things that would compensate for that in other ways.

One would also have to examine very carefully what the longer-term effect of less than optimum level of abatement from that source could be. I think, though, we are literally reaching a point that if we accept the seriousness of the problem of acid precipitation beyond the also-important issue of local impact, we may

well have to face some very tough decisions which may lead to some operations being closed.

I might add that although it would not be an operation of the same magnitude, we are potentially faced with that very same situation—but not because of acid precipitation—with an operation in Mr. Kerrio's riding which may well lead to the business being closed. Whether one is talking about 35 jobs or whatever, it is not an easy decision.

That is a situation which is not directly related to this subject, but it is one I know Mr. Kerrio and Bob Welch are both very familiar with.

8:40 p.m.

Mr. Wildman: I do not in any way want to give the impression that it is an easy thing to deal with. Although the main reason for Wawa is Algoma Ore, obviously the community has become a major tourist centre in northeastern Ontario and on the route between Sault Ste. Marie and Thunder Bay. Tourism is the second most important industry in that area and certainly very much related to tourism is the wildlife experience—

Hon. Mr. Norton: Would you like to tell us more about that experience?

Mr. Wildman: I did not come by the name Wildman easily.

Hon. Mr. Norton: Is that a common experience in Wawa?

Mr. Wildman: The wilderness experience and the importance of fishing and hunting—moose especially, but also bear for some American tourists—is very important. There is also the importance of forestry in the area in Dubreuilville, the Dubreuil Brothers Limited sawmill operation. A little further to the west, in White River, is Abitibi's paper operation. There are people working for Abitibi who live in Wawa; there are people living in Wawa who are jobbers supplying fibre to Weyerhaeuser in Sault Ste. Marie.

Those industries are dependent upon the survival and flourishing of the natural vegetation and wildlife of the area. It is a situation which has to be weighed very carefully.

Hon. Mr. Norton: May I just interrupt? It sounds as if you are going on to something else. Surely if it were a thorough socioeconomic analysis one of the objectives would be to try to assess as accurately as economists and others can, what the effects would be and how you balance the economic costs of either course of action.

Mr. Wildman: Sure, obviously a very large portion of the employees at Algoma Ore are people who live in Wawa, not just because of their employment but also because they enjoy the outdoor life and the recreation afforded by that environment.

I would be very interested to know specifically, Mr. Chairman, the reason for the open-ended aspect of the order that is now in place, why it is a monitoring type of order rather than an order which requires a company to limit emissions by a certain date or an approximate date. Why do we have a situation where they are saying, "All right, let us limit the emissions in Wawa itself, and when the meteorological situation is such that the community of Wawa, the vegetation in Wawa, perhaps even the health of the people living in the community, might be affected we will cut back," as opposed to saying, "We want the overall emissions of the company limited by a certain time"?

Hon. Mr. Norton: Perhaps I will ask Mr. McIntyre if he would like to come back and give you some further information, but my understanding of what was meant by an open-ended order is that it was an ongoing one where they had to maintain a level on an ongoing basis—

Mr. Wildman: That is what I meant. As I understand the order that is now in place, it is to keep the limit to a certain level within a certain area around Wawa. When they get higher than that level, then the company must cut back on production. Then, when the meteorological circumstances change, they can increase their production back to a higher level.

Mr. McIntyre: If I may I will just very briefly describe the process that is gone through on any given day.

They obtain a weather forecast early in the morning and then they obtain a prediction for what they may produce with that weather forecast, in order not to create above a 0.5 parts per million level in Wawa or above a 0.25 parts per million level in Goudreau. Goudreau is also part of the order.

They then run the sinter plant on the basis of that prediction, unless the instruments they have in place indicate the prediction was not as good as the way nature delivered the weather, if that is the way of expressing it, in which case they implement some other reduction methods. You know they can shut the plant down fairly quickly. I am sure you are also aware the stacks are so close to Wawa that if the instrument readings start to rise they must take very quick action on it.

Mr. Wildman: Who does the monitoring? Is that done by a consultant hired by the company or is it done by the ministry?

Mr. McIntyre: No, there are two sets of monitoring going on. The company operates on the basis of instruments they installed and operate, transmitting to a centre at the sinter plant itself, and we also have monitoring devices in Wawa.

Mr. Wildman: They go through a computer in Toronto, is that right?

Mr. McIntyre: No, the readings are just recorded at the station and we pick up the charts and calibrate the instruments.

Mr. Wildman: I see. Do you have a time frame set on the evaluation of the studies you expect in the spring—that is, that by a certain time you will have made your evaluation and be prepared to indicate to the company what you would like them to do?

Hon. Mr. Norton: Obviously, I would expect that would be dependent upon the complexity of the problem we are faced with when we get the reports. I would anticipate that would be done, in so far as is possible, during 1982.

Mr. Wildman: I just have one other question Mr. Chairman. Is it correct—the statement was made, I understand, during the last committee's hearings on acid rain—to say that the larger proportion of the emissions from Algoma Ore affect the area over Lake Superior as opposed to the area that is most obvious from direction of the plume, that is the burned-off area?

Mr. McIntyre: I cannot think who would have said that because the prevailing winds are, of course, in the direction you are indicating.

Mr. Wildman: That is what I thought. I think it was Professor Kramer, but I may be wrong on that.

Mr. McIntyre: I cannot recall his saying it, to be quite honest; and certainly from my experience I would agree with you that the major effect of the plume would be to the northeast rather than in the other direction; that is the direction of the prevailing wind.

Mr. Wildman: Okay, thanks. I pass, Mr. Chairman.

Mr. Chairman: Mr. Johnson was in the chair here at the start of the meeting, and I see his name at the top of the list; Mr. Kerrio.

Mr. Kerrio: Mr. Minister, I have a few areas that I would like to touch on in this particular vote. The areas are quite varied, from a local problem at Niagara Drying that has been

ongoing since we wore down the other minister, to areas perhaps a little beyond your jurisdiction, but which are still places you could influence.

Hon. Mr. Norton: I am sorry, I missed the early part of that comment.

Mr. Kerrio: I said I would go from very local areas, relating to me and my riding, to areas out of the province where you might have some influence.

The Niagara Drying situation, of course, is of long standing and it is becoming similar to some of those areas where it appears there is obviously a lack of ability on the part of the ministry to be able to do something meaningful in a given circumstance, where the neighbours in an area have had to suffer with a new installation that was somewhat condoned by the ministry.

Of course, you are very familiar with the situation by now; and it goes back to the same circumstance where appeals can be made and the situation can continue, but the citizen is at a distinct disadvantage in fighting to protect the environment, in this case so very close to a home. In one instance, and to many others in the area, it is rather unconscionable that someone could set up a drying plant that has odour and vibration and noise four or five feet from a residential property line; and that is a new installation.

It just appears that from the day that installation began, there was a great lack of direction by your ministry to see where it was going to be put and by the company that did not live up to the regulations. Now, believe it or not, citizens have had to close the windows, put air conditioning in, move to the central part of their house to live and be subject to extreme nervous tension.

3:50 p.m.

In one instance, it was a real disaster as it related to this particular family, because their whole existence is within their home. They are of ethnic culture. Everything that is meaningful to them is central to their home. It really is an intrusion that ranks with about the worst I have seen.

I think these people, without too much education, have been very astute in making an assessment of the situation. A kindly old gentleman said: "If there was a wild party going on next door, the police would come and shut it down. Here I have put up with this for months and months, with one minister and now the second minister in the act, and I cannot seem to do much about it."

I leave it at that, Mr. Minister. I cannot get too involved in it, because I have many topics to touch on.

Hon. Mr. Norton: May I just respond to that before you go on to others? I recognize that operation has been a problem, not only for the neighbours but for the operators of the company, who have tried very hard to—

Mr. Kerrio: Absolutely. We have not pressed any harder because we felt a compulsion to try to keep the company going for the jobs it provides.

Hon. Mr. Norton: I think also, in fairness to everyone concerned, that you perhaps are informed of the extent to which the Ontario Development Corporation has already assisted the company and they have made commitments to go beyond the present levels to assist them to relocate from that residential area.

Part of the problem is that although another possible location was found within the Niagara region in an industrial area, the Niagara municipal government has not yet seen fit to grant a building permit because there are some residences not too far away.

Mr. Kerrio: It is just a little bit unfair for your ministry to suggest they could lower the criteria and have the city of Niagara Falls decide to allow that drying operation to go in.

Hon. Mr. Norton: My ministry was not the proponent for the specific site. I am not suggesting the municipality is being difficult. Obviously they are concerned that a similar situation does not develop in another location and I think that is a reasonable concern.

At present, other possible sites in other parts of Ontario are even being looked at. I do not know whether any of those are going to materialize, but certainly commitments of further financial assistance from the Ontario Development Corporation have been made.

As you also might be aware, this very Thursday is the date, as I understand it, for the hearing for the application before the court for an injunction against the company. The results of that I cannot anticipate. It could conceivably have the effect of closing the company down or establishing a specific time frame within which they must either relocate or close down. That is something which was not left to the citizens of the community to do, but was undertaken by the crown. I would say the situation is nearing a climax.

I would hope a solution can be found which would result in preserving the employment and

preserving the possibility for the further development of this industry. It uses a waste product from some of the other industries in the area, particularly canning industries and potentially other product lines, for which they have a market in the United States. However, it is obviously not something that can continue in that location.

I do not think anything is gained by pointing accusatory fingers at each other over this particular issue. I think everyone has tried to find a solution, including the operators or the owners. Unfortunately, they have not yet found one up to this point.

Mr. Kerrio: It just seems the wheels grind so slowly.

Hon. Mr. Norton: They could have ground more quickly if we had not been as concerned about finding a solution that also met the needs of the community in employment and so on.

Mr. Kerrio: The gentleman who is living there and putting up with it says if it had been a vehicle on the highway that did not comply, you would have pulled the plates off it. Maybe if they could not operate they would find an alternative site much more quickly.

Hon. Mr. Norton: That may be precisely what—

Mr. Kerrio: They keep cranking the stuff out and there is no compelling reason to make a quick move.

Hon. Mr. Norton: I think that is what we have done. If you are saying it ought to have been done sooner, perhaps it should, but on the other hand if the result is the whole operation has to be closed down, so be it. However, I am not sure that is the result which would make you happiest.

Mr. Kerrio: I hope we can resolve both problems.

I would like to touch on my topics and then you will be prepared. I think the reason we could move out of the province is because of your government's involvement in making an investment in one of the largest polluters in Alberta. You can answer this one very quickly.

I wondered if you are going to have any influence on the Suncor corporation, when the boardroom group gets together. Will you be able to have representation and fight the war on acid rain in the boardroom of Suncor?

Mr. Wildman: The president has already said if they buy they do not have any influence. He has already made that statement.

Mr. Kerrio: Because the minister has a keener interest in cutting down on anything upwind of us, I was thinking he might have a great deal more motivation to give his fellow cabinet ministers, who might influence that company to cut down on what appears to be the largest point source of SO₂ in the province of Alberta.

I will not go into too many details on this, but I thought you might address yourself to it. I have taken you to one border and now I am going to slip right over to the other border.

Hon. Mr. Norton: Before you slip, though—

Mr. Kerrio: You have got some answers?

Hon. Mr. Norton: I was going to say I am sure you recognize the jurisdiction of my ministry does not extend to Alberta. We will run our computer model on Suncor Alberta's operation right away. If any of it is hitting us, then we will go after them.

Mr. Kerrio: Okay, that is fair. It seems as if we are surrounded by polluters. Now we go over to the Quebec border and it seems the Quebec environment minister announced they had issued orders to Noranda Mines to reduce their emissions by 40 per cent. Noranda is presently number two on the top 10.

Now they are having second thoughts about that control order in Quebec, if they begin to back off on it would you make some kind of representation, either to the government of Quebec or of Canada, that it is close to our border and seems to be a dangerous source?

Hon. Mr. Norton: I am not aware there has been any indication from M. Léger that the province of Quebec intends to back off from the original statement they made. You may have some information I do not have on that. M. Léger sits along with me—

Mr. Kerrio: We will share this information with you, but it is disturbing.

Hon. Mr. Norton: Not very long ago, I had a meeting with M. Léger and the federal Minister of the Environment and the minister from New Brunswick, all of whom are members of the board of ministers, at which the question of abatement objectives was being discussed. Certainly at that time—

9 p.m.

Mr. Kerrio: Were you led to believe they were going to enforce that abatement order and get it down by 40 per cent? It appears now they are not going to enforce it.

Hon. Mr. Norton: I personally do not recall the specific 40 per cent figure. I recall the submission that Quebec was proposing to make to the Environmental Protection Agency in the United States which set out certain objectives for Quebec. The specific figure of 40 per cent does not stick in my mind. That does not mean it was not mentioned; I do not know.

Mr. Kerrio: Is it a matter you are going to look into to see what can be done about it?

Hon. Mr. Norton: I point out it is probably not so much a matter for unilateral action on the part of Ontario, but if there is some indication of that occurring, it is something which ought to be discussed at the next meeting of the board of ministers. I expect it will be in late January or early February.

Mr. Kerrio: It seems this has happened just within the last few days. It brings me to another question and that is as it relates to—we are talking about a considerable area that is influencing the environment here as your main source of concern—the American scene. I would like to know about atmospheric precipitation modelling. The modelling being used seems to date back some three or four years.

Is there an update on the modelling? If the modelling has been updated, I wonder whether there has been any kind of change in the relationship. Based on that modelling, they were thinking 50 per cent of the environment impact was caused by sulphur dioxide from the United States. If there is a change in the modelling, does that change those numbers—has there been any kind of proof that our figures as polluters are up and the American figures are down?

That is what I have suggested. If between 1977 and 1978 until now there has been a considerable—

Hon. Mr. Norton: I wonder if I could ask Dr. Van Volkenburgh if he would mind coming up to the microphone. He is our resident expert on modelling and knows what the current ongoing—that does not mean he is a model. Perhaps he could respond to your question. For the purposes of Hansard, his name is Dr. Greg Van Volkenburgh.

Dr. Van Volkenburgh: I am the director of the air resources branch.

There are two ways in which you have to look at the problem. First of all, the models in use by the ministry, by the federal Canadian government and by various agencies in the United States try to set up the relationships between

various source areas and various sensitive areas. Those relationships are expressed as a product of the model. The relationships really do not change that much. The absolute impact to a given area can change quite a bit if the emissions change in a given year.

One thing we have seen frequently in the United States is that people go around and say Sudbury is causing quite a bit of damage in certain sensitive areas such as the Adirondacks. But the emissions they are using for Sudbury, for instance, involve Inco emitting at 3,600 short tons a day. Inco has not emitted at that level for a number of years. They have been much lower, either because of strikes or because of control orders.

I think the intent of your question is to try to find out if the inventories of the actual emissions are up to date or not.

Mr. Kerrio: I would say that yes, it poses a dual question. Number one, are the models becoming more sophisticated? Do we have better control of modelling so that we have a better idea of the flow? Are the numbers changing in any amount?

Dr. Van Volkenburgh: The models are improving and that improvement is going to go on for a number of years. One of the better mechanisms for fostering improvement in North America has been the Canada-United States group two co-operative mechanism which was established under the memorandum of the tenth. So there has been quite a bit of discussion as to checking the models against each other.

There are still differences. Each model uses perhaps a slightly different approach in looking at the problem. But the models are coming together and they are improving in terms of the way they look at the problem.

Emissions is a different story. I must say that is an area where Canada has been somewhat frustrated. The emissions in Canada are very well documented. Our ministry receives emissions data from the industries. We check the data and we send it to our federal government. Our federal government sends that data, along with data from the other provinces, to the United States. So Canada's emissions are well known. The emissions in the United States are not very well known. I could give you six different estimates of their emissions which can differ by 30 per cent.

Mr. Kerrio: They are not obliged to have the same documentation then, is that it?

Dr. Van Volkenburgh: We would like them to have the same documentation and they have made commitments to us, as recently as last November, that they are trying to figure out what their emissions have been and what they are now. But it is very confusing for us. The estimate of the United States' impact on Canada, or Canada's impact on the United States, will vary if the emissions vary. If you do not know what the US emissions are, it is very hard to define the problem.

Mr. Kerrio: Certainly. That brings me to dealing with a point source which one of the members already touched on as it relates to Algoma. I wonder if we share these figures. My question, which is predicated on these numbers, is the evidence that has been given here that there is a control order that would deal with emissions at a given level—0.5 parts per million at one station, and 0.25 at one more remote.

According to my information, Algoma, in Wawa, is number seven of the top 10 of sulphur dioxide emitters; and of these top 10, Algoma contributes 5.2 per cent of the sulphur dioxide emitted from the 10 sources, for a total of 141,000 metric tons per year. Algoma's emissions are 16.3 per cent of what Inco emits. Algoma ranks number four among sulphur dioxide emitters in Ontario after Inco, Ontario Hydro and all sulphur dioxide sources in Metro Toronto.

The point I want to make is that while there has been some suggestion that there is a control order on this operation, it seems that up to this point—correct me if I am wrong—it deals with the impact on the area. I think the question we are really raising is how much influence has that had on the total emissions from that plant? Have they varied to any degree? If they have not, then I suggest that there is no control order.

That is what I was trying to say, and you may have misunderstood me. You may control the peak emissions, but are we really controlling, in any meaningful way, the overall emissions from Algoma?

Hon. Mr. Norton: Over the years 1977 to 1979, for which we happen to have the figures in front of us, there has been a reduction of 35,000 tons in overall emissions—out of a total in 1977 of 170,000 tons.

Mr. Kerrio: They are down to the 144,000 that I quoted, probably.

Hon. Mr. Norton: The figure I have for 1979 is 135,445 tons.

Mr. Kerrio: In addition to the emissions as regulated by the monitoring stations, is the control order going to relate to the total emissions in any meaningful way? Could we have an idea of what the ministry hopes they will attain, starting at 144,000 tons?

9:10 p.m.

Hon. Mr. Norton: I could not give you absolute numbers, but obviously the present exercise we were discussing a few moments ago with Mr. Wildman is directed towards developing precisely that kind of objective.

Mr. Kerrio: But it really will not if you just address yourself to monitoring a daily situation to prevent emitting too much at any one time.

Hon. Mr. Norton: But the reports that are being prepared at the present time are designed to provide the kind of information that could lead to an order which would deal with the reduction of total emissions, as distinct from the local impact which the monitoring primarily deals with.

Mr. Kerrio: But as the control order exists today, it is questionable whether there is any reduction.

Mr. Stokes: You were right the first time.

Hon. Mr. Norton: We know there has been some reduction, but the order at the present time is not directed primarily to a reduced objective.

Mr. Wildman: You are just keeping them at a certain level?

Hon. Mr. Norton: Yes, although the effect over the period of the last years has been a reduction.

Mr. Kerrio: I would like to touch on Ontario Hydro. There seems to be some difference in the control on Ontario Hydro as it relates to Environment Canada and the situation that exists here. While we take exception to what our American friends are doing in relation to SO₂ emissions from thermal generating stations, and while they may circumvent their own attempt at the Clean Air Act by having the older plants not so controlled, I understand that Environment Canada is attempting, under the federal Clean Air Act, to develop national guidelines for new stationary sources.

It seems that Ontario has not yet adopted these emission guidelines. I wonder if you would help us understand why we have not accepted what appears to be a must. If we are going to talk about the SO₂ emissions in the light of this activity by Environment Canada and of the fact

that the Americans have put restrictions on their new thermal plants, what do we do about our Ontario plants in places like Thunder Bay, Atikokan and, more recently, what do we do about the submarine cable and increasing the output at Nanticoke? Where do we stand when it comes to doing something meaningful to comply with what seems to be a serious attempt by your counterparts in Ottawa?

Hon. Mr. Norton: You must understand the nature of the order on Ontario Hydro. For want of a better expression as a layman, I would say it is an umbrella order; in other words, it applies to the total emissions of sulphur from all of their sources.

They have targets with which they must comply, leading to an overall reduction, between now and the end of the decade, in the range of 5 per cent. That applies to the specific order. That does not vary according to the demand for electrical generation. It would not vary if they were, for example, to bring a new plant on stream, aside from the ones already under way. I think it is highly unlikely, but if they were to bring a new fossil-fuel fired plant, a coal-fired plant, on stream, that order would still apply to their total emissions.

If you are thinking specifically of Atikokan—

Mr. Kerrio: I am thinking in particular of the interpretation described in the federal regulations, or the regulations they would like to see adopted. "A new fossil-fuel fired, steam-generating unit means a combustion device used for the purpose of burning fossil fuel at a rate in excess of 250 million Btu per hour input for the purpose of producing steam for utility electric generation and for which commercial operation commences after May 1, 1981."

What the federal government was looking to do was to have this kind of assessment of any new plants after May 1, 1981. Sooner or later we are going to have to install scrubbers at least on any new plants coming on stream and then to retrofit some of the others.

When they make new fire regulations, you comply with the new regulations when you put up a new building. The new regulations are not that stringent because they realize that would make retrofitting more costly. Once all the new plants have it, you might be able to take some of the older plants out of service. I believe that was the intention in dealing with that particular problem. Keeping in mind that the Americans have that kind of regulation on their books, I wonder how that sits with them.

Hon. Mr. Norton: Unlike the Americans, we are not in a situation where there is likely to be any major conversion to fossil fuels, coal particularly, which is one of the current thrusts in the United States, given the energy situation there. On this point there may well be some difference of opinion between Canada and Ontario at the moment.

It is all well and good to bring in a regulation saying that all the new plants must be scrubbed without directing attention to existing plants that may be presenting a problem. What does that really achieve? We have not embarked on a major program of conversion to coal. What we are faced with is the prospect of one or two plants, at present under way, coming into operation, taking Atikokan as an example.

There has been correspondence between my federal counterpart and myself on the very subject of Atikokan—and this terminology has actually been used—that for us to require a scrubber specifically on Atikokan would be symbolically important. I cannot deny that. Symbols are important in any society. However, if we are talking about actually achieving the maximum benefit for the resources that are available to apply to abatement, I argued with my federal counterpart that what they are proposing there is not the most effective application of resources.

Mr. Stokes: Do you want a solution?

Hon. Mr. Norton: I would like to finish what I am saying first and then I will accept any solutions anyone has to offer.

At least I will entertain them; I may not accept them.

Mr. Charlton: We liked your first comment.

Hon. Mr. Norton: Atikokan is going to be a scaled-down operation, as I think everyone now is aware. It is going to be utilizing low-sulphur coal in the range, I think, of about 0.6 to one per cent sulphur, which is a far cry from the kind of coal which is used generally in the United States and in other parts of Canada—unless they bring it from the west.

The plant is being constructed so as to enable a scrubber to be installed if required later. But the wisdom at the present time is that the impact of the Atikokan plant will be minimal.

We could, hypothetically, say to Ontario Hydro, "You must put a scrubber"—for \$160 million, or whatever the cost is—"on Atikokan."

9:20 p.m.

On the other hand, if they have \$160 million to put into constructing a scrubber, it would

make a lot more sense to me to install it on one of the existing plants and retrofit some of the plants that are a greater source of emissions of sulphur dioxide. That is where you get the greatest benefit and that is where you are going to get the greatest reduction.

To put a scrubber on Atikokan, based on the best information we have now, would appear to be symbolically significant, but in terms of practical implications and actual reduction of emissions it would be a very poor investment. Our principle is simply that you apply the resources where they are going to be most effective. That is a message I am not embarrassed to carry to the United States or give in discussions I have with Americans.

There may be some symbolic value in terms of the national debate, but \$160 million is a pretty expensive symbol if it means you have \$160 million less to apply to retrofitting an existing plant that is a bigger source of the problem. That is the difference in the approaches between the two levels of government and I think our position is right.

Mr. Laughren: Where have I heard that before?

Hon. Mr. Norton: It is an objective assessment on my part.

Mr. Stokes: Burn peat, for Pete's sake.

Hon. Mr. Norton: What is the sulphur content of peat?

Mr. Stokes: It is less than anything you are going to get by way of coal from western Canada.

Hon. Mr. Norton: That may be the answer. You get Leo busy producing it, or whoever is going to.

Mr. Stokes: They are working on it.

Mr. Wildman: Quebec Hydro has a pilot project for the burning of peat for the generation of electricity. Why can we not go the same route?

Hon. Mr. Norton: That may very well have a promising future.

Mr. Stokes: Quebec is doing it on Anticosti Island and Saskatchewan is doing it up in Buffalo Narrows.

Hon. Mr. Norton: At this point, I do not pretend to be knowledgeable enough about the situation with respect to peat.

Mr. Stokes: I agree we could spend \$160 million a lot more usefully.

Mr. Kerrio: Mr. Minister, I have a question that relates now to our discussion. The reason I brought the subject up in the first place was to see how we are going to attempt to comply with what appears to be a Canada-wide solving of the problem.

The other question I would raise, if we are going to attempt to meet these so-called goals which they had hoped would be in place across the country by May 1, is what kind of number do you have when you are building a new plant. Maybe this is one of the reasons the Americans addressed themselves to the problem.

What kind of figures do we have relating to building in proper devices to deal with a variety of coal? Are you suggesting that if we burn low-sulphur coal it is better to go in another direction?

If we are ever going to solve the problem, it would appear the new control devices should be on everything that comes on stream. I am wondering about the numbers as they relate to putting it on the installation originally, or going through the retrofitting of devices to control SO₂ emissions. Is there a considerable saving there?

Hon. Mr. Norton: I pointed out the Atikokan plant is being constructed so as to provide for the installation of a scrubber later, if required, so the costs of retrofit there ought to be minimized by that provision made at the time of the initial plant construction. Obviously, there is liable to be some inflation in costs as time passes. I cannot estimate what that might be.

Mr. Kerrio: Then the final question is: do you address yourself to making an attempt to meet the standards the Canadian government is aspiring to, or do we just decide to look at the overall picture and put the retrofitting where it might reduce the overall emissions? Whether that is the way to attack the problem seems to be your consensus.

Hon. Mr. Norton: Yes, I think that debate is not finished. I think there are bound to be further discussions between the two levels of government on that question. I would think the establishment of Canada-wide guidelines might well be reviewed with the provinces.

It is my understanding that what has been issued by the federal government as guidelines did not involve consultation with any of the provinces. It might well be the federal government could have benefited in the development of those guidelines from the experience the provinces had in dealing with this problem.

Mr. Kerrio: Thank you, Mr. Minister. The last one I have to deal with as it relates to the large polluters is the whole question of some of the reports set down relating to Inco and their emissions. We have had some five reports, I suggest to you, that relate to that whole problem: Preliminary Assessment of Feasible SO₂ Emissions and Reductions in Costs at Inco Copper and Nickel Smelter at Sudbury, May 1980; I. J. Martin's report, Environment Canada, April 1980; Brian E. Felske and Associates, May 1980, Still Waters: The Chilling Reality of Acid Rain, October 1981; and Felske and Associates' report on nickel market conditions and sulphur dioxide control.

This one has certainly run the gamut on numbers and questions and orders. It seems there has been a consensus we could have done a great deal more on the emissions from Inco if we had set out a plan that was going to really deal with the abatement. The one presented by my leader on May 26, 1980, was a significant report, as was the one by the federal subcommittee. They all seem to relate to what seems to be somewhere between 850 and 1,000 tons a day.

The federal subcommittee report states, "We are satisfied that the technology is available today to dramatically reduce SO₂ emissions from the nonferrous smelting industry." When they relate to the sort of control orders put on that plant over the years and the reality of what could have been done, I wonder if you might share with us what the future holds for getting that company to co-operate, to get it down to what appears to be realistic numbers. Are they realistic? Are some people reaching? What is our feeling on that matter?

Hon. Mr. Norton: Obviously speaking now as layman, I would agree with you there has been considerable amount of confusion. I am not sure there has been a consensus—I guess a consensus is something different to each individual who is trying to find one—as to what is a realistic and achievable objective in the short run and in the longer run, as far as the future is concerned.

I think it was precisely for that reason the Canadian government, in co-operation with the Ontario government, established the task force. It is to report early in the new year with the mandate to review the kind of information about available technology and to make some recommendations to both levels of government about the available technology and realistic objec-

tives for the reduction of emissions for nonferrous smelters.

9:30 p.m.

Some of the reports you have cited are reports that are before that group at the present time. I think ultimately the objectives will be realistic ones. I am not trying to prejudge it. I think probably—and I am just guessing at this point—the indications will be that very substantial further reductions are going to be possible.

Any discussions I have had with the operators of the major nonferrous smelters indicate a very real willingness on their part to be co-operative. In some instances they have committed very substantial resources to research that goes beyond existing orders.

I would hope by the end of next year we would be in a much better position to know—by the time established for the achievement of the present objectives. For example, we think we would be in a much better position to answer whether the reduction should be 1,000 tons or 850 or whatever is realistic and achievable, and what the costs of it would be.

Mr. Laughren: Then they will use poor earnings as an excuse.

Hon. Mr. Norton: They might very well, I suppose. They may well be able to substantiate it too.

Mr. Laughren: I think I have seen this movie before.

Hon. Mr. Norton: You should quit watching reruns then.

Mr. Boudria: Stop showing them.

Hon. Mr. Norton: That is right, John. John just said this has a much more positive ending.

Mr. Kerrio: Well, Mr. Minister, I left on that note because we went in the reverse order building up to the largest polluter. It seems if you address yourself to the task, you could start at either end of the scale, wherever you could do the most good.

You suggested there has not been any sort of mutual involvement with the federal government as it relates to their attempt to develop some criteria. I wonder if you would then pursue that and maybe share with us what future arrangements might be; whether you can make the argument you would rather have funds addressed to the overall reduction, especially the plants you control through the cabinet and Ontario Hydro; and whether that is a more meaningful approach. Then, instead of being at

odds with what Environment Canada is trying to do, you might get them to readdress the sort of criteria they are trying to establish.

It would not do for us to continue in many areas of the whole pollution problem and be at odds with different provinces and central government. I wonder then if your argument would hold up; whether you would get the federal government to make the kind of regulations that would address the whole problem as it relates to the bulk and not put scrubbers on new plants.

Hon. Mr. Norton: I want to make the point my statement should not be interpreted to mean I would take the position that there should not be scrubbers required on new plants under all circumstances. I think one has to look at the individual situation. If you are talking about Atikokan then you are talking about one situation. If you were talking about a new coal-fired plant, possibly in another jurisdiction in this country, which was going to be using coal from the Maritimes or something like that, which is coal of an entirely different quality, you might have a different response.

Mr. Kerrio: How did the Americans address themselves to the same problem with their new units where they suggest that all their new units have to maintain a minimum SO₂ emission? Or do they have to put on the equipment? Is it required?

Hon. Mr. Norton: I gather it is in each case. Again, that is fine as far as new plants are concerned. I am not taking exception to that approach, but of course the major source of the problem in the United States is not new plants that are coming on stream as much as it is existing plants that are in operation and the fact that with existing plants, by virtue of prolonged extensions in the application of any requirement for scrubbers what companies are doing is keeping the old plants running and avoiding building new plants.

Mr. Kerrio: You know they have to address themselves to that problem, of course.

Hon. Mr. Norton: That is right. You are a practical person in terms of living within and functioning within the realm of the political process. Surely you have to recognize that what looks like a simplistic solution on paper is not always the most practical and effective solution when you come to applying it.

If you say, as they have in the United States, all new plants must be scrubbed and the effect is that they just keep the old ones running longer, then that does not deal with the problem. If you

take the approach we are taking in Ontario saying we had better put our resources to work on the plants that are contributing to the problem most, then that is what works.

Mr. Kerrio: Then you will have to get the feds to change their goals and direction. I am not against that, I am only saying that you are in contradiction.

Hon. Mr. Norton: I am not saying that the feds are wrong in all situations and I must say we have had a very co-operative relationship on this subject of acid precipitation. I do not mean to try to portray it as otherwise. There are bound to be some areas where we—

Mr. Kerrio: Oh, no, I am just saying they are pretty specific. I think if you could make your argument wash—or scrub, whichever you want to use—then you would have a little chat with them and readjust this particular area.

Mr. Chairman: I would not mind perhaps a little direction. I have five speakers lined up here. I think the Liberals handed out a new time proposal. We seem to get these every meeting. Is this the direction that you would like the chair to take?

Mr. J. M. Johnson: I think it would be in order to cut the Liberals off now.

Mr. Chairman: I am at the discretion of the committee.

Mr. Wildman: What was our time limit before?

Mr. Chairman: I missed Thursday. I am sure there was a new one on Thursday.

Mr. Charlton: We had agreed on four hours on this vote and the proposal tonight really does not change that. We used half an hour on this vote on Thursday and the sheet that was passed around tonight talks about three and a half hours.

Mr. Chairman: Okay, so we carry on with this tonight and tomorrow, another hour on this then half an hour on vote 2103 and an hour or 2104, and the rest on 2104 on Thursday night.

Okay, that is fine. I was not here Thursday.

Hon. Mr. Norton: Mr. Chairman, may I at this point just raise with the committee the matter raised at the end of the meeting last time? I think it is under this vote—anyway, whichever one it is we will find out for sure. I wonder if the committee wishes to direct any questions to us that may invite a response from Mr. Barr Smith, who is the chairman of the Environmental Assessment Board.

9:40 p.m.

He is with us again tonight and I wonder if the time before the end of the evening might be possible to go to that vote in order that it will not be necessary for him to return each evening in anticipation. It simply would mean a matter of taking one of the items out of order.

Mr. Wildman: They also serve who stand and sit.

Hon. Mr. Norton: They certainly do. But one of those who stand and wait and serve also has other pressing obligations to discharge. In the briefing book, it is item 6 under vote 2102. It need not be done right now, but I was wondering if before the evening passes completely, we could move to that one at some point at the convenience of the committee and avoid the necessity of having Mr. Smith come back every night.

Mr. Laughren: We will try.

Hon. Mr. Norton: That is very kind of you. I can ask is that you try.

Mr. Chairman: If the committee agrees, Mr. Johnson has been trying to get on the air for a while. How be we hear from him, then what time it is, and then I will seek direction from the committee?

Hon. Mr. Norton: I might just point out that I have been advised that tomorrow Mr. Smith has been talking over which he will be presiding and it would make it very difficult, if not impossible, for him to be present.

Interjections.

Mr. Stokes: Can I ask, as a matter of information, when will Mr. Fahlgren be appearing?

Hon. Mr. Norton: That matter has already been voted upon by the committee.

Mr. Stokes: But what is the time—I just wanted to know.

Hon. Mr. Norton: I am sure that if you wanted to call upon him in his office, he would be glad to see you at any time. You would have to make arrangements with him.

Mr. Stokes: No, he would not, I am afraid.

Hon. Mr. Norton: He would not?

Interjections.

Mr. Chairman: Let us move away from that point.

Mr. J. M. Johnson: Mr. Chairman, I just have a question on the Stouffville waste site. Does it come under item 5, or is it in order to ask it at this time?

Hon. Mr. Norton: It is under vote 2104, I believe; or as a regional matter, under vote 2103.

Mr. Chairman: I believe it is under 2102.

Hon. Mr. Norton: Oh, vote 2102? Okay.

Mr. J. M. Johnson: Mr. Minister, the question is that there have been a lot of press reports on the concern that the Stouffville site—

Interjection: That is another vote.

Mr. Chairman: I am sorry. I thought it was vote 2102, item 4, but it is not even close.

Interjections.

Mr. Chairman: No, it is not even the same vote. That is stretching it too far.

Hon. Mr. Norton: I think vote 2103 would be the more appropriate one under which to raise that matter.

Mr. Chairman: Anything else on vote 2102? Is there any objection to moving to the environmental assessment at this stage?

Interjections.

Mr. Chairman: I thought you said you were going to try to be co-operative. You are moving down the list as every minute goes by here, I want you to know. Do you object to that?

Mr. Laughren: I wanted to debate something on this issue and I cannot be here tomorrow morning, that is my only hangup, Mr. Chairman.

Mr. Chairman: Can five minutes cover your concerns on the issue?

Mr. Laughren: No. Ten or 15 would though.

Mr. Kerrio: What vote is this under?

Mr. Wildman: He has some acid rain problems.

Mr. Laughren: I do come from the Sudbury basin, you know.

Mr. Chairman: Actually, John, you are next. Can you be here tomorrow? John, do you object to Mr. Laughren—

Mr. Charlton: I think Mr. Laughren's concern is that Inco is the reason why he is so short.

Interjections.

Mr. Laughren: That may be the reason I am here.

Mr. Chairman: Mr. Eakins will defer to Mr. Laughren if, in 10 minutes or so, we can cover

that. If we run out tonight on the assessment, tomorrow morning we will go right back to the—

Interjections.

Mr. Kerrio: We will have a new game planned for tomorrow.

Mr. Chairman: I am sure there will be a new schedule for tomorrow.

Mr. Laughren: Thank you, Mr. Chairman, and thank you too, Mr. Eakins.

A couple of months ago we had a debate at 10:30 at night, as the minister recalls, and we were debating the whole question of emission abatements at Inco. As a resident of the Sudbury area, it is a matter I naturally have some concern about.

As the minister may or may not know, because I do not know, quite frankly, if his people have even shown him a copy—and that is the way it seems to work at the Ministry of the Environment—of the 1975 Inco report, this one, called "SO₂ Abatement Budget Book, Estimate 0267-01, General Engineering Department." I find it passing strange that this minister has not been briefed on this book—at least, I suspect he has not; I suspect he has not even seen this book before. His predecessor suffered the same fate and it is beyond me why the ministers tolerate that, because it is an important document.

It was an Inco document which stated that from an emissions level of 5,200 tons per day in 1970 the company could get down to 1,500 tons a day by 1979. Here we are in 1981, almost into 1982, and we are not down near that level yet.

The ministry people were aware of this report, but negotiations were undertaken and nothing ever happened because Inco decided it was not financially feasible. They decided it was not in their interests to do so.

The minister always uses two arguments as to why the emission levels are as high as they are: one, technology is not available; and two, it is too expensive. Those are the two arguments the minister invariably uses. He certainly used those in the debate we had at 10:30 at night a couple of months ago.

He is wrong on both counts. The technology is available and Inco in the past has been able to absorb those kinds of costs.

When the time was ripe, his ministry allowed Inco to in effect bypass the control order. They rewrote the control order in their own interests, because the 1970 control order originally stated that Inco had to be down to 750 tons a day by December 31, 1978. That was a control order

imposed by the Ministry of the Environment and Inco in effect rewrote that control order for the ministry and now the control order is for 1,950 tons a day by the end of 1982; I believe that is the deadline now.

It is not as though it is impossible; it is possible. Inco detailed in very great detail precisely how it could be done. As a matter of fact they spent about \$20 million in research and development and came to the conclusion that they could get it done for \$300 million. That was a 1975 report.

It would have meant the production of a lot of sulphuric acid. It has been known for some time now that there are significant phosphate deposits in northeastern Ontario, one near Kapuskasing in Cargill township, another one, the Nemeg deposit, near Chapleau, which coincidentally happens to be in the riding of Nickel Belt.

Inco looked at those deposits too and decided it was not feasible to combine the acid with the phosphate to produce fertilizer, despite the fact that in this country we import all the phosphate that goes into the production of fertilizer and have a significant imbalance in trade in that product. Inco decided it was uneconomical because it was cheaper to buy it in Florida. They were discouraged by the provincial mining rates. The market price for phosphate rock had declined and they could not find a source of low-priced sulphuric acid in the vicinity of the Cargill site, which is up near Kapuskasing, as I said. Every single reason was an economic reason in Inco's interests and there was concern for the total cost to society as a whole in maintaining the present level of emissions.

9:50 p.m.

The report the member for Niagara Falls (Mr. Kerrio) referred to, the Felske report of 1979 stated, and I quote: "Subject to further cost analysis it now appears that in addition to balance of payments and employment creation benefits, development of the Cargill phosphate deposit could absorb as much as one million tons of smelter-produced abatement acid."

I would like to know what the minister, if he is so concerned about acid rain, has done about developing those two very significant phosphate deposits in northeastern Ontario. If he is sitting back waiting for the private sector to develop them, they are not going to do a balance sheet which takes into account health costs, cost to the tourist industry, the cost to wildlife, to the killing of lakes in virtually all of northern Ontario and it is up to him to play that role to take it under consideration.

I should remind the minister too that at the same time as Inco was rejecting this \$300 million investment they were making major investments in Guatemala and Indonesia and were purchasing the ESB battery company in the United States. Yesterday they announced they were phasing out and completely divesting themselves of the Guatemalan project and selling off the ESB plant. There is absolutely no question that those investments should have gone into the abatement of emissions in the Sudbury basin, but this ministry let them off the hook because they in effect rewrote the control order in their own interests.

The Felske report says it better than I could, and I quote: "It is probable that Inco's presence as a laterite producer of nickel will be advantageous in the future, but only because of the Indonesian project." This was written in 1980. "Guatemala must be considered a loss well into the future." They spoke better than they knew. Whether the laterite development was better than a major refit of the Sudbury smelter plus pollution control is open to debate. It is obvious, however, that alternative investment opportunities have yielded as little in direct returns as an investment in sulphur dioxide containment. This conclusion can be made without considering the possible unquantified benefits of reducing acid precipitation"—which I assume means benefits to society as a whole.

That is the point. There was no monitoring of Inco's investment decisions vis-à-vis their pollution abatement decisions at that time. You were suckered, quite frankly—not you personally as a minister, but your ministry was suckered by Inco into allowing them to avoid that control order and not put in the abatement equipment they could have—they admitted they could have done it in this 1975 SO₂ abatement order—and you let them instead put their money where they thought they would get a higher return. That is the name of the game.

Well right. They made a mistake. I admit that no one is perfect. They made an investment mistake. But even if they had not made a mistake they made the wrong decision in our interests. The Ministry of the Environment sat on the sidelines and cheered them on, it would appear.

That bothers us a great deal, because not only did Inco have some extremely good years, but the technology was available. So the equipment is there, the technology is available and the financial capacity of that company to do it was

obvious in those years, and yet this ministry sat by and let them do their own thing in their own interests. That must not be allowed to continue.

I was not kidding a moment ago when I said now when the minister gets the result of this federal-provincial study, he is going to go to Inco and suggest they reduce their levels further and they are going to say: "Did you not see our 1981 operating results? We lost money."

Is that not nice? The time frame fits very nicely and here we go again. We really have seen this movie before.

Mr. Wildman: They have not lost in Sudbury.

Mr. Laughren: No, the losses Inco has sustained have not been in the Sudbury basin, from whence the pollution comes.

People scoffed at the federal study a few years ago which estimated that the total cost to the environment, to wildlife, to human health, to agriculture, tourism—everything—was in the neighbourhood of \$400 million a year. That is an astronomical figure, a staggering figure, and Inco has never earned that much profit in a year. No one would suggest they pay all that in one year in order to clean it up, but there are ways of writing down your costs in major investments like that.

With that kind of cost to society as a whole, it is time this ministry started to take the problem seriously. There has been a lot of talk about acid rain, but you know, the ministry still stalls with another study.

Just to conclude, I can recall too well when there was no superstack, only the low stacks; the problem was one of Sudbury pollution. When Inco built the superstack and the problem was dispersed over the whole province, it became romantic almost—that is a slight exaggeration, but they attached a new name to it; it was not pollution, now it was called acid rain. Suddenly it was bothering people besides those who lived in the Sudbury basin. Was that not too bad? As soon as it began to affect the people who created the wealth, it became a serious problem.

I want to tell you, it makes me very cynical when I see what it takes to create a major issue in a province like Ontario. As long as it was confined to Sudbury where the workers are, it was not a major problem. As soon as the superstack was built and it was dispersed all over the province, suddenly it was a major crisis in our province. Well, so it is, but it was before too, and the people in Sudbury have lived for long enough with the shilly-shallying of this Ministry of the Environment.

I would ask the minister to respond to my remarks about the phosphate deposits and tell me how he justifies his failure to impose a control order which is technologically feasible on the operations in Sudbury.

Hon. Mr. Norton: I will respond to some of the things you have raised, but one thing I will not do is embark on a re-examination of history.

Mr. Laughren: It keeps repeating itself. That is why it is relevant.

Hon. Mr. Norton: I think that one has to make a choice at some point as to whether to engage constantly in retrospect or take some positive steps towards the—

Mr. Laughren: That is total nonsense. The Inco study itself is looking ahead. Do not be silly.

Hon. Mr. Norton: The fact of the matter is I think that has been discussed in every estimates—

Mr. Laughren: Not with you. You have never discussed it.

Hon. Mr. Norton: —session since 1975 or whatever.

Mr. Laughren: No, that is not true.

Hon. Mr. Norton: This is the first time with me.

Mr. Laughren: Right.

Hon. Mr. Norton: I think that what is under way at present is going to be a much more thorough and comprehensive examination of where we go from here than anything that has taken place in the past.

The work being undertaken by the Canada-Ontario task force will examine all the possibilities. I do not know whether they have a copy of the document you have. I do not know whether you have proffered them a copy of that document. I do not know whether Inco has.

Mr. Wildman: They have admitted they have it. Inco has acknowledged this report. They did so before the committee on acid rain.

Hon. Mr. Norton: I am not questioning whether they acknowledged it or not. I am talking about the Canada-Ontario task force.

Mr. Laughren: Felske has seen it. He did it for the economic councils.

Hon. Mr. Norton: They certainly have Felske's report.

Mr. Laughren: Yes. It deals with it.

Hon. Mr. Norton: That then is part of what they have under consideration.

I do not know the report you were referring to. You mentioned there was an estimation of

an annual cost of \$400 million in terms of impact. Do you know the name of the report you were referring to there?

Mr. Laughren: I do not know the name of the report, but I am sure that those hot-shots in your ministry who are up on acid rain for the last few years will remember that report. It was a federal government report.

Hon. Mr. Norton: Was it ever published, do you know?

Mr. Laughren: Yes, absolutely. This was not a confidential document. It was not a—

Mr. Wildman: Mr. Piché is claiming it was never published.

Hon. Mr. Norton: We will not get into that debate.

Mr. Laughren: Well, then how did I know about it?

10 p.m.

Hon. Mr. Norton: That is a good question.

Mr. Laughren: Do you dispute the fact that it was—

Mr. Wildman: He was not disputing it existed.

Mr. Laughren: You might ask him if it disputes the fact.

Mr. Wildman: He disputes the fact. He was not disputing it existed.

Hon. Mr. Norton: I do not know over what area—was that a Canada-wide estimate?

Mr. Laughren: They are talking about emissions from the Inco smelter.

Hon. Mr. Norton: I see, because as a national wide estimate, I would guess it might be a very conservative one.

Mr. Laughren: Yes. It is from the Sudbury basin.

Hon. Mr. Norton: I do not know how realistic that is. It may or may not be accurate. If it was not published, there may be some reason for that in terms of an assessment of the methodology.

Mr. Laughren: These people are aware of it. They know that.

Hon. Mr. Norton: That is not unlike some of the work we are doing in our own ministry. We are trying to evaluate the cost of the impact of acid precipitation, in the event further abatement is not undertaken. I hope it will be very—

Mr. Laughren: He hastened to add.

Mr. Charlton: Are you going to start building for it?

Hon. Mr. Norton: —will be very persuasive in building further on public opinion, both here and in the United States, on the necessity for much more comprehensive abatement.

I think the reference to the problem becoming much more serious once it was exported from the Sudbury basin is a bit biased. What you say is true, but the implicit motivation appears to be biased.

Mr. Laughren: What in the world does that mean?

Hon. Mr. Norton: If you go back to the time the order relating to the tall stack was placed on record, it was done precisely to attempt to—

Mr. Laughren: Make it a major issue.

Hon. Mr. Norton: —clean up the situation in Sudbury. It has had a very positive effect in that regard.

At that time, I do not think the knowledge of acid rain was as extensive as it is now. Aside from Sweden, I am not sure who had really been looking at the problem. I think our knowledge has increased considerably since then and we have recognized it as a much more widespread problem. We have probably been tackling it more effectively than any other jurisdiction.

I think you have to bear that in mind, in all fairness to the effort that has been made.

Mr. Laughren: Oh gee.

Hon. Mr. Norton: Sudbury has benefited from the tall stack. Now, hopefully, others will benefit from the further abatement measures under way. Some cases have already been alleviated.

Mr. Laughren: Tell us what you are doing with the phosphate deposits.

Hon. Mr. Norton: It is my understanding the federal Department of Industry, Trade and Commerce is presently conducting a study on the Cargill deposits, which will eventually be part of the consideration of the Ontario-Canada task force. It will be part of a total examination of what is possible in finding economically viable ways of dealing with the problem.

It is not as if the two governments are floundering around in a state of ignorance. There is a co-operative and comprehensive approach.

Mr. Laughren: Is that your answer?

Hon. Mr. Norton: Yes.

Item 4 agreed to.

Mr. Chairman: Mr. Minister, you had suggested Mr. Smith cannot be here tomorrow. Do you wish him to be present on the topic of environmental assessment?

Hon. Mr. Norton: If the committee wishes. If the committee says they do not wish to direct any questions to Mr. Smith, then that is fine.

Mr. Kerrio: We agree. We just thought we would digress for a moment.

Mr. Chairman: Is that on items 5 and 6? Is that where this comes?

Mr. Laughren: Is this the Environmental Assessment Board?

Hon. Mr. Norton: Just the board itself.

Mr. Laughren: I wanted to ask a question about forest management.

Mr. Chairman: It is item 6. We do not have to vote on it tonight if you do not want to. Do you have any comments you wish to make or can we bring Mr. Smith on?

Item 5 agreed to.

On item 6, Environmental Assessment Board:

Mr. Kerrio: The one thing that comes to mind as it relates to the Environmental Assessment Board—maybe if we get it on the record we might be able to question how such a circumstance could develop. It relates to the Ministry of Transportation and Communications starting the construction on Highway 404 before the Ministry of the Environment had given final approval under the act.

Just to relate the circumstances, Mr. Ron Reid of the Federation of Ontario Naturalists had to take Mr. Snow and Mr. Gilbert to court. I am wondering why the Ministry of the Environment did not initiate that action. It was Mr. Steve Varga, the person who was on the site, who brought this whole matter to light. He requested a hearing under the Environmental Assessment Act in May, before the 30-day request for a hearing period ended.

Mr. Varga was then doing field studies near Tobermory and after he had initiated the hearing, Ministry of Transportation and Communications officials tried to contact him. When they finally reached him, they told him to go to a hotel, for which the MTC would pay expenses. He was to meet with Mr. Graham Scott, your former deputy minister, and Mr. Gilbert, the current Deputy Minister of Transportation and Communications, because the two of them wanted to talk Mr. Varga out of his request for the hearing.

Mr. Laughren: No, no, not at all.

Mr. Kerrio: I ask you, Mr. Minister—

Mr. Laughren: That could not be right.

Mr. Kerrio: That could not be right? Then

correct me if I am wrong. The suggestion is these gentlemen talked to Mr. Varga and attempted to persuade him not to continue to press the case.

The main question here is: is there no meshing of ministries and required permits, hearings or whatever, before that other ministry can start building a road? Generally, at every level of government, there are certain documents you have to come by before you can start proceedings. It seems to be built into the mechanism.

Two questions come to mind: first, how could the MTC get started? Second, after they did get started, why did someone in your ministry not attempt to initiate the same proceedings Mr. Varga did?

Hon. Mr. Norton: I am not sure I understand what you mean by, "Is there no meshing?"

Mr. Kerrio: If there is a requirement they have a hearing, how did they get started without one? If you want to have a house, you have to have a building permit.

Hon. Mr. Norton: That is right.

Mr. Kerrio: So if the guy starts building a house without a permit—

Hon. Mr. Norton: I think to some extent the answer to your question is already known, in both the plea before the court and the decision of the court in that matter. Clearly, the finding was that MTC was in breach of the act.

10:10 p.m.

As far as is there any meshing or consultation goes, the answer to that is yes. There is what is called a pre-submission consultation. Its purpose is to have both the proponent ministry, which would be the Ministry of Transportation and Communications, and the co-ordinating ministry, our ministry, consult with other ministries that would be reviewing ministries.

The purpose of that is to attempt to streamline the process and make sure the proponent ministry is aware of the concerns and expectations of the reviewing ministries. That way it does not result in a submission that ends up having to go back, perhaps even repeatedly, for further work.

That is a relatively new procedure in that it has been introduced since the time I came to the ministry. I think it is improving the process; it has had some wrinkles to be ironed out. I am not sure whether that is what you mean by meshing or not, but in a sense that is what it is.

Mr. Kerrio: Yes, I do. I sat on a committee of

adjustment and for a minor variance they had to have a report from the health department and from the planning engineer. There were certain criteria that had to be on that table before approval was given to go ahead.

That is such a simple thing. It just seemed to me there should have been a mechanism built into this whole situation so they could not start contract without having it.

Hon. Mr. Norton: If I might just clarify that, think that was not the problem in this case.

Mr. Eakins: Why did they go ahead?

Hon. Mr. Norton: There are other individuals who can answer that question; I am not sure I can. I was not the one who went ahead.

What happened in that case, if you know the act, is there are specific periods of time that must expire before the next stage comes into place. For example, when our ministry completes the review of the assessment submitted by the proponent, it is then reviewed by the reviewing ministries—maybe Natural Resources, Culture and Recreation or whatever. Our ministry would also do a review, but then a person within our ministry would be co-ordinator of the process and would compile an overall review of the assessment.

That review would then come to me and I would issue it, indicating we approved it. Once it was released as a public document, there would be a waiting period of 30 days during which individuals and groups in the public could review the document.

Mr. Kerrio: That is the second question: why did your people not take the initiative after the first faux pas?

Hon. Mr. Norton: Let me finish.

Following that period there is a further 15-day period during which persons who have indicated an interest in the first 30 days may request a hearing. What happened was that—I do not know what the time was—there were four days or something that were unexpired, during which time individuals could still request a hearing to register an objection or whatever. The Ministry of Transportation and Communications began the work before the time had expired. That is what happened. It was not a failure to complete the documentation up to that point.

Mr. Kerrio: All right. The final question is: were you aware of the fact the two deputy ministers were attempting to reach Mr. Varga to influence him not to pursue his insistence on having the hearing?

Mr. Wildman: Not directly and not for a while. We had some discussions at the time of the committee hearings. But you will understand, and I know your ministry realizes this, that Wawa and the area north of Sault Ste Marie is one of the areas most vulnerable to the effects of acid rain on its lakes.

Whether you look at tourism in northern Ontario as wilderness experiences, or as recreation for the permanent residents of the area, there has been a significant drop in recent years in the anglers' catch. It now takes considerably longer to catch a lake trout.

So, of course, we are very concerned, and I would like to know what the specific situation is with Algoma Ore. What response are you getting from the company to the order you have placed on them? What is the timetable and what does the ministry expect will be done to try to deal with what apparently is the second largest smelter in northern Ontario?

Hon. Mr. Norton: Perhaps we could allow Mr. McIntyre to comment.

Mr. McIntyre: Thank you. Mr. Wildman, I would like to correct a slight misapprehension about the stacks at Wawa. I think you indicated that a tall stack was not built because of the danger of long-range transportation.

To go back to the time that such a stack was spoken about—which is about the time that Inco built theirs, around 1972—and the very great success of the Inco stack in improving the environment in the Sudbury area, a tall stack protecting Wawa seemed feasible. The company at that time suggested building one. Our people, however, looked into it with a great deal more detail and discovered that the meteorology of the area and of the valley the plume goes up would have had the effect of merely extending the kill area. That is why a tall stack was not built and I think it was a wise decision from two points of view.

There is a current order in effect at Algoma Ore Division, and a consultant has been engaged by the company, as you know. He is a German who has been involved in the design of scrubber systems for smelters of lesser gas strengths than they have and he has also been engaged in the operation of them, which I think is probably even more important for this kind of an operation in view of its size.

We expect the company will report to us on this matter in the spring of next year. This preliminary study will provide accurate information on how to do it, how much it will cost and where to locate the settling ponds, et cetera, that are associated with a scrubbing operation.

They are also going to engage a consultant to do a socioeconomic study on the effects this would have on the company and on the community. They expect this will also be available about the same time as the abatement study.

Mr. Wildman: Can I ask a question on that? As some of you may know, Algoma Steel in Sault Ste. Marie has, in the past few years, been obtaining more and more of its ore from Tilden Mine in Michigan, to the extent that 60 per cent of the ore comes from US sources now and 40 per cent comes from Wawa. At this stage, 25 years of proven reserves of ore is left in the Wawa area.

The company has indicated on occasion—I want to be very careful about the way I say this—that if they were required to install uneconomic facilities at Wawa, they might shift more and more of their supply operation for ore to US sources, which, of course, would have a devastating effect on Wawa. I do not know whether that was an idle threat; I doubt that Algoma Ore would make that kind of a threat. I also know that the Japanese were prepared to build a whole new plant for them in Wawa, if they were willing to pay.

Can you tell me whether this socioeconomic study which the company is going to carry out is designed to justify a lengthening of the order period, or alleviation of the order? Was it designed so as to persuade the Ontario government to give them assistance, or is it a genuine attempt to look at the whys and wherefores and at the need to protect the environment?

Maybe I am asking you to prejudge the study, and maybe you cannot answer. I would never prejudge it.

Mr. McIntyre: I will make a stab at answering that anyway. The company has agreed to give me the terms of reference for the socioeconomic study when they have completed them. I will then discuss them with our economists in the ministry to make sure the end product of the study is the same end product I think both of us would desire to see: what it costs the company; can the company afford it; what it costs the community and what it is worth to the community; those kinds of things.

Mr. Wildman: What is the deadline on the order?

Mr. McIntyre: The order is an open-ended order. As you know, it requires abatement to

maintain a certain ground level concentration of sulphur dioxide. The order will continue until it is revoked or a new one is put in place.

Mr. Wildman: And that is the reason for the meteorological monitoring that is going on?

Mr. McIntyre: Yes. Perhaps, Mr. Chairman, I might explain to Mr. Wildman a trifle more about the system. There is an SO₂ monitor in Goudreau. For the benefit of other members of the committee, Goudreau is located up the valley, in the prevailing wind direction away from the smelter, about 22 miles to the north-east.

Mr. Stokes: On the main line of the CPR.

Mr. McIntyre: Yes, that is correct.

Mr. Stokes: The liming pits for Algoma Ore are there.

8:30 p.m.

Mr. McIntyre: There are two markers in Wawa, towards a southwesterly direction, with a meteorological station also in Wawa. The information is telemetered back to the sinter plant, which has an operating schedule such that if the levels on the instruments rise to a level where the consultant can predict they will go above 0.5, they operate a cutback system.

Mr. Wildman: That is in case you get an inversion, as you used to get sometimes, so that when things blow over Wawa all the lawns do not turn yellow. That is what used to happen.

Mr. McIntyre: Precisely. It is to avoid vegetation kill.

Mr. Wildman: Was there an order on the company prior to that? I mean when you were talking about the superstack.

Mr. McIntyre: I do not believe so. I would have to go back in my files to get that because it was before my time.

Mr. Wildman: I understand there was an order previously. But you expect these reports by the spring?

Mr. McIntyre: Next spring, yes.

Mr. Wildman: What is the timetable after that?

Mr. McIntyre: My presumption is that these will tie into the Canada-Ontario task force on abatement options for Inco and Falconbridge. Then you will have three of the largest operations in the province, at least of those types anyway. Presumably we will be in a position to make a decision at that stage as to what the next steps will be.

Mr. Wildman: I would like to ask the minister this next question—and once again I do not want to prejudge.

How would you deal with a study that might say, "It is not economic for us to install a scrubber system; it would make more sense for us to source more of our ore from the U.S." I know the situation of the Canadian dollar might affect such a decision, but how would it affect you, Mr. Minister, if you were to receive a statement from this subsidiary of Canadian Pacific that it is not economic for them to be in the system which would bring down emissions to an acceptable level and that they will have to cut back their operation, which is the main reason for Wawa's existence?

Hon. Mr. Norton: Obviously the minister is asking me to speculate about something at which, at this point, I have no direct knowledge and will not for presumably six months or so.

Mr. Stokes: He will not even tell you what he does know.

Hon. Mr. Norton: Obviously, some very difficult decisions have to be made. I should think that one of the obvious things I might hear from among others, is to seek the advice of the local member. What would your advice be in a situation like that?

Mr. Wildman: I have never been in a position where a minister of the crown has asked me to set government policy.

Hon. Mr. Norton: I am not suggesting that you do that. All I am suggesting is that you consider the benefit of your assistance and advice.

Mr. Wildman: I am very sincere in saying I would like to be involved in the discussions that would take place. I have so far been involved by the company in discussions with the union, for which I quoted some statements that were made by company officials, perhaps offhand, to our representatives that, again, I would not want to say were threats. I certainly would be interested in being involved in those kinds of discussions.

I would like to know, before giving the minister the advice he is soliciting, what kind of studies the ministry would do to evaluate the kind of socioeconomic study done by the company, so as to be able to judge whether or not their report was accurate in the view of the ministry staff and perhaps Ministry of Natural Resources staff. I would be interested to know what kind of evaluations the ministry does and what such reports from consultants.

Hon. Mr. Norton: If that were a conclusion of a report—I am assuming you are asking about

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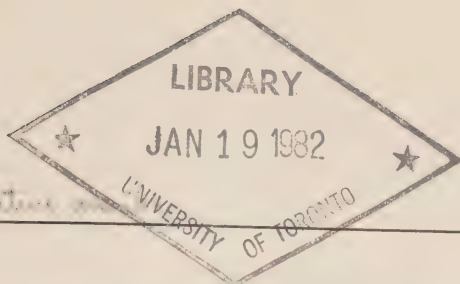
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Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of the Environment

First Session, Thirty-Second Parliament
Wednesday, December 9, 1981

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, December 9, 1981

The committee met at 10:15 a.m. in room 228.

ESTIMATES, MINISTRY OF THE ENVIRONMENT

(continued)

Mr. Chairman: I will call the meeting to order.

On vote 2102, environmental assessment and planning program:

Mr. Chairman: We have approximately one hour on vote 2102 and I would suggest that we ask questions throughout the whole of vote 2102, otherwise we are never going to get through it. I have quite a few speakers down. Mr. Eakins had deferred last night to Mr. Kerrio.

Hon. Mr. Norton: I have a brief response I would like to make to a question Mr. Kerrio asked last night.

Mr. Chairman: The minister has a bit of a response to Mr. Kerrio. Mr. Boudria has been in every day asking for five minutes. I was just trying to get through. If Mr. Charlton and Mr. Kerrio have finished and if Mr. Kerrio wishes to use the five minutes to Mr. Riddell, perhaps it would go that way.

Mr. Kerrio: Oh, yes, certainly.

Mr. Chairman: That is how I understand the stands on the time for this vote. Would those who are on first please bear in mind that we are speaking at approximately one hour and the minister wishes to comment still?

Hon. Mr. Norton: Mr. Kerrio raised last night a question about communication that took place with Mr. Varga. I have made some inquiries about that.

Subsequent to last night's meeting, after some of the detail was discussed, my mind was triggered by a reference to Mr. Varga going on a field trip. At that point I remembered having heard some discussion about that at the time.

Just to put it in context, as I understand the communication that took place, I believe at the time Mr. Varga filed his notice there was an understanding, erroneous as it turned out, on the part of the Ministry of Transportation and

Communications and possibly on the part of our own ministry, that he had been retained at some point as a consultant to the Ministry of Natural Resources, specifically with respect to studying the flora in the area along which Highway 404 was routed.

On the understanding that was the case and believing that he had had input into the Ministry of Natural Resources, and presuming his input was to be taken into consideration in their review of the assessment, it was thought it may be worth while to talk to him in more detail about his concerns and also to explain to him what considerations had been made to accommodate the concerns about the White Rose bog.

I understand that a couple of people may have talked to him on the telephone about the possibility of getting together to discuss these concerns—one person at least from the Ministry of Transportation and Communications and possibly two. He indicated that he would not be available for some time because of a planned field trip, I believe to the Bruce Peninsula. A suggestion was made that if his schedule would accommodate it, those persons might be willing to meet with him in that area. They were then advised that would not likely be possible because of the nature of the field trip; he would be accommodated in a tent.

As a follow-up to that, a letter was sent to Mr. Varga from the Deputy Minister of Transportation and Communications indicating further the desire to discuss the matter with him to try to explain what MTC had done to accommodate concerns about the bog. That letter was still premised on the erroneous assumption that they were communicating with an individual who had been a consultant to the Ministry of Natural Resources.

10:20 a.m.

Subsequent to that, it was realized that he had not been a consultant. The Ministry of Natural Resources so advised the other ministries, although I believe his name had been proposed. I think that is where the misconception arose; his name had been proposed to the Ministry of Natural Resources by a former employee of that ministry as an individual who, if they were going

to hire a consultant to look at the flora in that area, would be a person they ought to consider by virtue of his qualifications.

As I understand it, that is the sum total of the question of the communication with Mr. Varga. I do not think there was any intention or any objective at any time to in any way pressure him into changing his position. On a major project, when there may be, for example, one individual who has filed notice of desire to have a hearing, I think it is reasonable that if in any way it is based on incomplete information and by having an opportunity to exchange information the concern might be resolved, it seems to me that is not an unreasonable thing to pursue. I do not think that the—

Mr. Kerrio: It is what you call plea bargaining.

Hon. Mr. Norton: I do not think so. Surely we have all seen, I think—for example, with Ontario Municipal Board hearings at times—where one individual may, partly based on incomplete information, precipitate a protracted hearing. If it could reasonably be averted, not by pressuring the individual but by resolving his concern, then that surely would be in the best interests of everyone.

Mr. Kerrio: But if that had taken place, Mr. Minister, then what you are suggesting is that the construction could have gone on without a hearing.

Hon. Mr. Norton: Sure, there is no necessity for a hearing unless it is requested and in this instance it was—

Mr. Kerrio: I am suggesting that your ministry would not have initiated it. There was nothing in the works that you—

Hon. Mr. Norton: No, because as I understand it, we had a report from Mr. Varga that was taken into consideration in our review.

Mr. Kerrio: You would not have initiated any kind of hearing as it related to the concerns of the area?

Hon. Mr. Norton: As I understand it, our staff had reviewed a submission prepared by Mr. Varga. I do not know the specific details.

Mr. Kerrio: It just seems odd that in the very first exchange they would not find out exactly the position of the individual and what his concerns were and what his interest was in the matter.

Hon. Mr. Norton: That was the intent of the communication. I do not know whether Mr. Varga interpreted that correctly or, in view of

what you said last night, whether he thought perhaps that it was an attempt to bring some pressure to bear upon him. As it turned out, he communicated the fact that he was not available to meet with anyone for a period of several weeks.

Mr. Kerrio: Yes.

Hon. Mr. Norton: If he had been available, might have been resolved immediately what had been done did not meet his concern and therefore things could have proceeded. The alternative, it might have resolved some of his concerns. I do not know.

Mr. Eakins: Before I ask the minister generally about acid rain in the Muskoka-Haliburton area, I want quickly to refer to something in the south part of my riding, the county of Victoria, which I am sure is of interest to the minister.

As you know, there was some discussion in the House about 132,000 gallons of liquid waste that was dumped into an unapproved site. Since I represent the people of Mariposa, particularly one family, I want to ask assurance that their health will not be affected.

It has to do with Mr. and Mrs. Nesbitt and their family. As you know, Mrs. Nesbitt is the sister of the Environment minister. I just want assurance there is no contamination of the Nesbitts' well. I am sure you would be interested in Mariposa township.

Hon. Mr. Norton: If there is I can assure you I might be in trouble too, because I have consumed a lot of that water.

Mr. Eakins: I hope you will continue to.

Hon. Mr. Norton: Yes, I plan to continue.

Mr. Stokes: What do you mix with it?

Hon. Mr. Norton: I drink it straight. I never mix my drinks.

Mr. Riddell: Not like Bobby Welch. I understand he buys his water.

Hon. Mr. Norton: No, that is not true.

Mr. Riddell: Is that not true?

Hon. Mr. Norton: No. I spoke with Bobby Welch and his wife and neither one of them drinks bottled water.

Mr. Riddell: We got that straightened out.

Hon. Mr. Norton: I think that was a nasty rumour begun by Mr. Kerrio.

Mr. Kerrio: No, I am innocent on that score. I just said if a fly drops in the water down there it is dead before it takes two or three strokes.

Mr. Eakins: Mr. Minister, I just wanted the Esbitt family and those others in that area to know I was looking after their interests.

Hon. Mr. Norton: I am not aware of any problem with their ground water.

Mr. Eakins: I would like to move to Haliburton area—

Hon. Mr. Norton: Lake Scugog is well buffered against the ravages of acid rain too. I checked to that.

Mr. Eakins: I am glad to hear that.

Hon. Mr. Norton: Advise my sister immediately.

Mr. Eakins: The people of Lindsay will be pleased to hear that.

Could you just bring me up to date on what is happening with the monitoring of the acid rain situation in the Haliburton-Muskoka area, especially the Haliburton area? How is it affecting the forests and the lakes? How many lakes have been affected?

I believe you have a monitoring system in the Orset area. I am just wondering if you could tell me the result of that monitoring.

Hon. Mr. Norton: Sure. If I might, I will call on Mr. Walter Giles, the assistant deputy minister, who has been heading up that—

Mr. Eakins: I appreciate you have brought your staff today. When we went through the Natural Resources estimates there were no members of the staff there, so we were not able to get answers. I appreciate that you have at last brought your staff and we have an opportunity to get—

Hon. Mr. Norton: Actually, given the numbers of staff here, I thought you were going to suspect me of packing the room so no one else could get in.

Mr. Eakins: No, it is like professional development day and we are glad to see them. They deserve a day here.

Hon. Mr. Norton: My feeling is it is an important part of the full development of every civil servant to be exposed to politicians on a regular basis.

Mr. Eakins: Absolutely.

Hon. Mr. Norton: So this will be a great opportunity for them.

Mr. Chairman: I have to tell you the clerk thought some of the coffee should be charged to the ministry instead of the committee.

Hon. Mr. Norton: I am not sure that might not

create a conflict of interest situation. We might be accused of trying to buy the favours of the committee. I would never want that to be.

Mr. Eakins: We will never report it to the auditor.

Mr. G. I. Miller: You have not had a cup yet, so you do not know.

Mr. Chairman: We are happy to have them here, Mr. Minister.

Hon. Mr. Norton: Perhaps Mr. Giles can respond to some of those questions.

Mr. Eakins: Sure.

Mr. Kerrio: The coffee is made from Niagara water. They are suffering mental anguish anywhere.

Mr. Giles: Specifically addressing the Haliburton area, we do sample the watersheds there, the waters themselves in the Plastic Lake area and the effects on the vegetation and the soil. All are being monitored in great detail.

At this point, we do not have final answers on the terrestrial and the soils effects. What we are attempting to do is determine what happens after the rain or the dry deposition arrives on the trees and makes its way down through the soil and out into the lakes.

The monitoring of the watershed itself involves the measurement of what is coming down at various points throughout the watershed, tracing its path through the streams that end up in the lake and measuring the effects in the lakes themselves at regular intervals. What we are then able to do is determine what happens to the sulphates and the nitrous compounds as they arrive and make their way through the watershed. They can be influenced by the vegetation and the soil and they, in turn, can influence the vegetation and the soil.

Our terrestrial studies are in many ways mirroring what work has been done in Europe. There are indications from the work over there that some scientists believe they have established a direct linkage between acid precipitation and the effects on vegetation.

10:30 a.m.

At this point, we have not established that conclusively, but we are conducting the same kind of monitoring to make sure our results can be compared. We will in turn determine that. We have got detailed information on the studies, if you would like that. You may not want me to go through it at great length now.

Mr. Eakins: No. What about the lakes? How many lakes in the Haliburton area have been seriously affected?

Mr. Giles: We have a system of rating the lakes which reflects their ability to buffer the acid compounds. We rate them basically as acidic, highly sensitive, moderately sensitive and well buffered and with this one there is no problem. I do not have the exact figures in front of me, although I could obtain them for you, as to the lakes which are in each of those categories in Haliburton itself. We did publish some information based on our earlier studies that clearly identify the lakes, which I can obtain for you.

Mr. Eakins: That would be fine. Has there been any indication to date of the effect, if any, on the tourist industry?

Mr. Giles: One of the studies we are carrying out in the socioeconomic group of studies is to determine what that effect might be. I do not know that we have any particular evidence of a decline in tourism at this stage in the Haliburton area.

Mr. Eakins: What about the fishing—trout fishing? Has that been seriously affected according to your figures?

Mr. Giles: In some lakes there has been a decline in some of the species of fish being caught. Again, I would have to get you the details.

Mr. Eakins: Okay. Just a final question. Where is the monitoring being done? Is this the one at Plastic Lake?

Mr. Giles: Plastic Lake is the main watershed we are monitoring, yes. There are other watersheds throughout the province, but I was addressing Haliburton specifically.

Mr. Lane: Mr. Chairman, could I have a supplementary on that?

Mr. Chairman: A supplementary, if you are fast.

Mr. Lane: I understand you are doing considerable experimental work in liming lakes, not only in Haliburton but in the Muskoka and Sudbury regions. I am concerned as to how this program is working out, because while the Manitoulin lakes are free because of a limestone base, I do have some problem with the lakes in the Killarney area.

Also, I understand this type of program has been pretty successful in purifying some of the contaminated lakes in Sweden. Could we have a little more information on that—provided Mr. Eakins agrees we should discuss it?

Hon. Mr. Norton: Perhaps I can respond initially to that. The plan is to do experimental

liming on at least some six selected lakes attempt to determine the beneficial effects the liming process.

What has been demonstrated elsewhere that certainly through liming one can have an effect on the acidity of the water of the lake. What is not yet at all clear is whether one can, the longer term, through the liming process have the effect of restoring the ecosystem in the lake. It would appear it may be an interim measure to avoid further deterioration of lake but I do not think we should, on the basis of our experience or anyone else's to this point assume it is in any way a long-term solution.

What is being done in Sweden is being done on a much larger scale. I would suggest that Swedes have chosen that course of direction largely out of desperation, because their problem originates almost entirely outside their own country. Their largest source is Great Britain and so far it has essentially refused to acknowledge the problem. I think their difficulties with Great Britain are probably even more severe than any difficulties we have with the United States.

They are committing increasing resources to the liming process. Our hope is that we can, in the relatively near future, determine what the most effective way to utilize liming might be and therefore do it selectively where it is going to be most effective.

Mr. Kerrio: Do you rate the shock that occurs when you have a heavy concentration hit the lake at a given time? Do you have to try to limit in a way that you do not have this lake changing—

Hon. Mr. Norton: That is one of things we will be looking at. In other words the spring, with the runoff of acidified water from the snow, is clearly the time when the lakes suffer the greatest shock. They tend to recover somewhat during the summer period in the margin of restoration of the pH factor. That however, may also be a critical time because it happens to be the time at which the fish spawn and it is the young fish that are most vulnerable to the acid. That is when major kills are most likely to occur.

Mr. Lane: I hope it works out well because we know we are losing some lakes. If that happens to be the solution to it, we do have plenty of limestone, especially in the Sudbury area. I have constituents who would be glad to sell you limestone, Mr. Minister, at the right price. We are hoping it proves itself.

Hon. Mr. Norton: I do not think we should assume liming is a solution. I think at best it might be an interim measure while the longer-term solutions are put in place. It seems to me the only obvious longer-term solution at the moment is abatement.

Mr. Lane: What I am basing my thoughts on is that the lakes in Manitoulin particularly have a limestone base and they have not been affected to any great degree by acid rain. It would seem there is at least a steadying influence by having a limestone base.

Hon. Mr. Norton: We have a similar situation in Frontenac county as well because of the limestone. I think if we were to look at liming as a long-term solution we might mine the whole of Manitoulin Island. There might be nothing left of the island. It might all be dumped into the lakes of Ontario over the next many years.

Mr. G. I. Miller: I do not think there is even a market for it. The government puts money into a limestone quarry there and I do not think they are getting much of a return—

Hon. Mr. Norton: On Manitoulin? I am not aware of whether it is or not.

Mr. Lane: Everything is great on Manitoulin Island. I just want you to be aware that if it works we are prepared to talk to—

Hon. Mr. Norton: You are prepared to sell the island, are you?

Mr. Lane: Not the island, just a part of it.

Mr. Kerrio: On this topic I would just like to make one comment, Mr. Minister. You know we have some 640,000 fishermen visit from out of the province, 93 per cent Americans. I wonder in the light of this whether your ministry, in association with the Ministry of Natural Resources, might not have a kit that could be included with the fishing licences when all these friendly Americans come over here hopeful that they are going to catch some fish. In that way, they can take the message back home.

Hon. Mr. Norton: I think that is a suggestion well worth pursuing—sort of saying, "If you did not catch a fish, call Ohio Power Corporation," giving the telephone numbers and the president's home number and things like that.

Mr. Chairman: Mr. Boudria wanted five minutes on water resources.

Mr. Boudria: Thank you very much. Am I ever in shock, Mr. Chairman; I have only spent one week here. I will be very brief. I just wanted to ask one question that pertained to my area.

A number of years ago there were several newspaper articles about the pollution from the Canadian International Paper plant in Hawkesbury and the effect it had on the Ottawa River at that point. We often criticize other jurisdictions that pollute us but from Hawkesbury, which is almost the furthest point east in Ontario, we are actually sending that pollution downstream to the province of Quebec, to the city of Montreal.

10:40 a.m.

I am just wondering what is the status of that pollution at present. Has it improved at all since 1978? At that time Canadian International Paper was contravening one of your orders. It could have been prosecuted but it was not. Could you tell us the present status?

There is one more point too, and perhaps you can respond to both. There is a pulp and paper mill in Thurso, Quebec, which is approximately 15 miles east of Ottawa. The odours emanating from this mill are very bad and if the wind blows in the direction of the city of Ottawa the smell is very strong. In my area, which is only about 10 or 12 miles away, practically every second or third day we get the smell from the Thurso paper mill.

I am just wondering whether your ministry has ever analysed what is coming out into the air on the Ontario side right across from Thurso. That would be in the town of Rockland, Ontario. Perhaps no one has ever asked about this before, but if it has not been checked, would you undertake to do that?

Hon. Mr. Norton: Ralph, would you be in a position to comment on the CIP, Hawkesbury, situation? This is Mr. Ralph Moore, who is the regional director for eastern Ontario. I am not familiar with it.

Mr. Moore: The first question was relative to the—

Mr. Stokes: Do not say it is the smell of prosperity.

Mr. Moore: The first question was relative to the action that was taken concerning the CIP.

Mr. Boudria: Where it is at now.

Mr. Moore: Two years ago we had a court session with them pertaining to water pollution. The case was thrown out of court by Judge Cecile; we lost the case. We felt this was

somewhat unjust and recently, back in November, an appeal was filed and the hearing date has been set.

Mr. Boudria: I am sorry, you said it was thrown out of court by whom?

Mr. Moore: By Judge Cecile.

Mr. Boudria: My predecessor.

Hon. Mr. Norton: Some time removed.

Mr. Moore: Yes. They have admitted now a process for hearing; I believe the date will probably be set in January. This was on the previous point that was taken out of the court.

Mr. Boudria: If I can ask, have you any indication that the situation is improving right now?

Mr. Moore: Relative to the water, last spring and this summer the water resources branch staff and our own staff in the region did a lot of investigation. We have a model set up and the data is now being processed through the model. We should have an answer on that fairly soon. The data on the water condition is all in now, the last of it was taken recently.

Mr. Boudria: I would like to be informed when you know anything else on it; I would appreciate it.

Mr. Moore: Concerning the problem with the mill on the Quebec side, our staff investigated thoroughly on the Ontario side and found that it was not really affecting our water at all.

Mr. Boudria: I was referring to air on that particular one.

Mr. Moore: To air?

Mr. Boudria: Yes, because it is the odour emanating from that plant that concerns us.

Mr. Moore: Periodically, if the wind is coming from the north, they might get a smell of it. We have discussed it with the Quebec people, they are aware of it and the environmental protection services of the federal government have also been involved in it.

Mr. Boudria: I have no further questions.

Mr. Stokes: My first question, and you discussed this when I was not able to be present, is on item 7 of vote 2102 and that is the Royal Commission on the Northern Environment. I am not privy to any action that took place in this committee earlier, other than I know there was a motion to have the commissioner appear before you. Obviously that was not successful and I can understand that it probably would be inappropriate to have the head of a royal commission coming to a committee such as this.

I happen to know, by going over the public accounts or the auditor's report last night, that as of the last fiscal year they had spent close to \$5 million. It is now approaching \$6 million and I see you have \$1.6 million allocated for the commission in this fiscal year. I happen to know the amount requested by the commission was much in excess of this figure. It is my understanding that an increased amount has been requested before the Management Board and Cabinet.

Could you give me some breakdown as to what they expect to spend \$1,622,000 on and how much in excess of that figure did they ask for?

Hon. Mr. Norton: You are speaking of the estimate year?

Mr. Stokes: This estimate year, that is all we are legitimately allowed to talk about.

Hon. Mr. Norton: For this fiscal year I can give you the breakdown of expenditures up to October 28. Would that be helpful?

Mr. Stokes: On the question I placed on the Order Paper I think you gave me the total amounts expended to October of this year since its inception in 1977. Could you just break down the \$1.622 million into general figures?

Hon. Mr. Norton: I can give you a breakdown in terms of the \$1.622 million in the categories in which the expenditures will occur. These are the estimates we have: Salaries and wages in the fiscal year, \$616,000; employee benefits, \$40,000; transportation and communications, \$147,000; services, \$420,000; supplies and equipment \$49,000; transfer payments, public interest subsidies—and I presume that means to community groups, and so on, to assist them in making presentations to the commission—the estimates included \$350,000 as we received them. That is the global breakdown.

Mr. Stokes: Do you have a rundown of the employees, where they are located, such as Toronto, Thunder Bay and Timmins, and what specifically are their duties? Do they report to you in such detail?

Hon. Mr. Norton: I do not have that detail but I do have an indication of where the employees are located and their numbers. I could not give you a detailed breakdown of what their duties are at this point, but I think also you received, in response to a question on the Order Paper, the number of employees in Toronto, Timmins and Thunder Bay.

Mr. Stokes: So if I were to ask you, say, what Mr. McLeod did or what Mr. Jones did, you would not be able to tell me?

Hon. Mr. Norton: I could not. I do not know whether there is anyone here who is in a position to do that.

50 a.m.

Mr. Stokes: On what basis are you coming before this committee asking for \$1,622,000? Obviously, you and your officials and your cabinet colleagues must feel the money you are requesting will be money well spent. Given the fact it has been going on now in excess of four years; that Chief Justice Hartt threw in the towel after one year; that the present commissioner has been running all over the place in Ontario; that he has just returned from an extended business trip and holiday in Scandinavia to find out how they do it over there; and that, as I understand it, he has had people from South America advising him as to their approach to indigenous first citizens, do you monitor what the commission is trying to do?

What has been your response to the commission for the funds they have requested for this fiscal year, in addition to the amount you are requesting of this committee this morning?

Hon. Mr. Norton: First, in terms of the latter part of your question, there has been no approval of additional funds for this fiscal year. To the best of my knowledge, there has been no submission to Management Board for additional funds for this fiscal year.

On the earlier part of your question, you would know, had you been able to be present when the matter was debated before the committee during the first and second or first and third evenings on which we met, we went into some considerable detail on the basis of discussions I had with the Attorney General (Mr. Murtry) on the appropriate relationship with the royal commission and the fundamental importance in the parliamentary tradition of establishing royal commissions as independent as possible from both the political and legislative processes.

The procedures which are followed as far as funds are concerned are set out in the Manual of Administration.

Mr. Stokes: I appreciate that sensitive area—no question.

Hon. Mr. Norton: We have to tread a very delicate line with any royal commission in what we describe as monitoring, because monitoring could very well become interference with the

independence which is fundamental to the whole concept of a royal commission by virtue of its mandate, in many instances, to investigate the activities of government, sometimes the judiciary and sometimes other areas which are really very sensitive. If we were to monitor in such a way other than to say these are guidelines for expenditures and have people like the Provincial Auditor, I suppose, monitor in that sense—

Mr. Stokes: I appreciate that you have to balance the independent nature of that inquiry process as opposed to accountability.

Hon. Mr. Norton: That is right.

Mr. Stokes: Of course, the buck stops with you. You are asking for a substantial amount of money to send after a substantial amount of money that has already been spent. Now we, collectively, have a responsibility to make sure that we are getting dollar value.

One would have thought that when the commission was set up in 1977 it would address a lot of the environmental, social, economic and cultural problems it was hoped they would report on. I know the commissioner has made public statements—he has made them to a variety of deputy ministers around here—to the effect that if he is given sufficient money—and it is my understanding it is much in excess of this amount you are requesting—by December 1983 he hopes to have something to present to this government which would act as a sort of guideline as to the future direction for a variety of policies for the north.

As you well know, the commission was set up to look into the last 19,000 square miles of virgin timber in northern Ontario not licensed to a prime licence holder. That took the heat off that situation.

I am sure you are aware that a lot of the major decisions of necessity have to be taken by all ministries having responsibility for development in the north—and your ministry is a part of it all. Nothing gets approval unless it goes through your ministry, the Ministry of Natural Resources, the Ministry of Northern Affairs, the Provincial Secretariat for Resources Development.

The strategic land-use planning is well under way, as it has been for 10 years. Major decisions are going to have to be taken very shortly if the planning is going dovetail with the forest management agreements in northern Ontario. The West Patricia land-use plan, which deals specifically with that area north of the fiftieth

parallel, is going to have a profound affect on our first citizens and the direction that economic development is going to take.

Let me give you a specific example of the Detour Lake project where a substantial amount of money out of these funds you are allocating to the commission on the northern environment was dedicated to having an environmental assessment or to advise the commission, and hopefully all others who are interested, as to what kind of an environmental review should be undertaken in situations like Detour Lake. The commission is sitting on the completed report. It is going to be released and made public sometime between now and the end of the year, we are told.

The decisions surrounding that project have already been taken. We voted moneys in the estimates of the Ministry of Northern Affairs for road construction to the Detour Lake project, and we asked your colleague, the Minister of Northern Affairs (Mr. Bernier), "Now that you have already dedicated the money and two contracts have already been let, what are you going to say when the commission on the northern environment comes in with their assessment and says you should proceed in such and such a fashion?" The minister said, "If it conflicts with anything we are already committed to, we will just simply have to tell him he was wrong."

Mr. Kerrio: Too late.

Mr. Stokes: Yes.

This is the kind of thing I am faced with on a continuing basis; it is the credibility of the whole process. We have spent close to \$6 million now. If we allow him another two years to come in with at least an interim report, most of the events will have bypassed that commission. I do not know how you are going to balance the sensitivity of a royal commission, adopting a sort of hands-off policy, with your responsibility and accountability for the expenditure of taxpayers' dollars.

I would just like some kind of assurance from you that you are concerned, that you are going to monitor it and you are going to make sure the taxpayers get dollar value. You have not much time left, because by the time he gets the report, if you leave him on his own time frame, all of the decisions for which he was hired to make recommendations to the government will have been taken. You people are going to have egg all over your faces.

It is going to create a situation where the hopes and aspirations of everyone in northern

Ontario that have been built up over the three or four years, hoping for something useful, worthwhile and productive from that royal commission, would have gone by the board. You are going to have to throw up your hands and say: "It probably was not the right vehicle. Perhaps the terms of reference were far too wide. It was unrealistic to suggest that anyone could have undertaken successfully such a wide-ranging mandate and terms of reference."

I am not here to embarrass anyone; I am here to get the darned thing back on the rails. I think you will agree with me that we have a long way to go just to get a proper focus on what the terms of reference were intended to be.

11 a.m.

Hon. Mr. Norton: On the concern you have expressed about timing, obviously it is a concern which is shared, especially as certain events overtake us—by us, I mean the government and the royal commission—Detour Lake being an example in point.

As part of the budgetary preparations for the next fiscal year the royal commission has been asked if they could provide us with a fairly firm timetable of what their objectives are and the completion of the work, as they view it at this point. We have not received that yet but I expect we will fairly shortly. I am really not in a position to comment on whether it will be the end of 1983, as you suggest, or whether that could in any way be tightened up until we have heard directly from the commission.

Mr. Stokes: Those are his dates, not mine.

Hon. Mr. Norton: Yes. As far as the specific instances like Detour Lake go, obviously I do not know what the report contains but I would think it could be beneficial as, if you want to use the expression, a case study of the functioning of the Environmental Assessment Act and how the commission might recommend such things be approached.

Obviously its value as it applies to the specific project is limited. But it may well be of value as a recommended approach to further development projects like that in northern communities.

Mr. Stokes: Let us hope so.

Hon. Mr. Norton: So it may not be a waste of exercise, as some fear. I am not quite as pessimistic. I am obviously concerned about timing and so on, as you have indicated you are, but I am not quite as pessimistic about the ultimate value that may come out of the work of the commission.

Mr. Stokes: I have two other brief things. If you are using some of that money to staff your district and regional offices in northern Ontario, perhaps you should follow some of your regional district people around and see the schedule they must maintain in order to cover the general mandate of this ministry.

I know you are losing a lot of key people simply because it is more attractive for them to work elsewhere. They are going into consulting businesses and it is extremely difficult for your people out in the field to cover all of the areas that are so very sensitive.

You could do yourself a favour and you could give your staff a favour if you sent someone up here to follow your district people around, to see them going as far west as Fort Frances, Kenora, Dryden, up to Pickle Lake, along Highway 11, up to places like Geraldton, down along Highway 17 to places like Red Rock, Terrace Bay, Marathon and on up into Manitowadge. They do yeoman service for you, but you can only work a horse so long and he is going to leave you.

Your staff are leaving. I could give you specific names of very good and dedicated people who are leaving your ministry simply because you are demanding too much of them. I know you have an excellent staff in the northwest region. That is the only area I am competent to speak of, but you should take a look at that. Even if a fraction of this \$1.622 million was dedicated to bolstering up your staff in the northwest region, you would do yourself and the people we serve a favour.

I want to make just one other comment, Mr. Minister. I want to know if you subscribe to the comments made by one of your predecessors at the pulp and paper industry is the worst polluter, bar none, of any in Ontario.

Your northwest regional staff have done studies on Lake Superior in the Marathon area. They have done studies in Moberley Bay, a portion of Jackfish Bay in Lake Superior, where the effluent of Kimberly-Clark goes, and in Nipigon Bay, where Domtar dumps its effluent; you have had all of them on programs and some of them have even been charged. Those court proceedings were successful, although the penalties were minimal.

Could you give me a brief update on how you intend to proceed, particularly with regard to American Can operations in Marathon, Kimberly-Clark operations at Terrace Bay—and because of the fire and everything else they are in a bad way and in a very significant bind—and

Domtar on Nipigon Bay? Could you give me a brief overview as to how you will proceed to bring those mills up to the required standard, which they are obviously not meeting at the present time?

Hon. Mr. Norton: Perhaps I could ask if Mr. Gotts would like to come up. He could probably give you a more detailed account of where things are at than I could.

Mr. Stokes: Maybe we could ask him how many new staff he needs to bring the region up to complement.

Hon. Mr. Norton: While he is taking his seat, perhaps I could respond briefly to that point. I had intended to earlier but I did not before you got into the more specific questions at the end.

The staffing levels throughout our regional operations are a concern. I know there are unique problems—

Mr. Stokes: They are much more acute up there, as you can appreciate.

Hon. Mr. Norton: The specific problems vary from region to region and the level of staffing we are faced with is an ongoing concern on my part. As you already have said, I must say the staff are doing yeoman service, but they are pretty thin on the front line—not thin because of their individual stature, but because of their numbers.

Mr. Stokes: They are well fed, but overworked.

Hon. Mr. Norton: On that note, we will ask Mr. Gotts—the well-fed Mr. Gotts—if he has anything to say.

Mr. Gotts: Mr. Chairman, I was going to start by thanking you for the commercial, Jack, but now I am not so sure.

You referred to three mills on the north shore: American Can, Domtar and Kimberly-Clark. We presently have control orders on American Can and Domtar and they are proceeding on schedule. We are quite satisfied at the moment that in complying with those control orders they will be meeting the ministry requirements regarding the old yardsticks of BOD solids, federal regulations on toxicity and also air problems.

Air problems often get lost in the emotion that surrounds water problems, but I think it is very important we include the air situation in those communities. We are very satisfied with the programs we have that this is going to show substantial improvement, particularly in Marathon and Red Rock.

Domtar is putting in a new recovery boiler, which is primarily aimed at an air problem. Their water problems are much improved.

At American Can, part of the control order is that they investigate improved dispersion. While that is not a substitute for the other controls we have asked them for, the configuration there is such that, regardless of treatment, unless they improve dispersion we are going to have aesthetic problems. I am very hopeful that they will address that and improve things very much.

Kimberly-Clark presents us with a somewhat different problem in that we have there, as you know, an old mill and an expanded new facility. Frankly that new facility, for whatever reasons, has just not performed, either from an environmental point of view or from a production point of view. We seem to run into one problem after the other.

We felt we were coming to a point this fall where we would take a major step with a control order that would address all outstanding environmental problems. We had gone so far as to publicize a public meeting on that control order and, lo and behold, they proceeded to essentially burn the place down.

11:10 a.m.

This really set aside all our work, because we are not sure at this stage whether the same requirements are going to be necessary; certainly the same scheduling would not be very practical now. So we have tabled that while we await word from Kimberly-Clark on their strategy for getting back in operation.

Presently, of course, they are not operating at all. This has created a very serious employment problem locally and, depending on what their strategies are, we are perhaps going to have some very difficult decisions to make on employment versus environmental considerations.

In any event, I do not think we intend to lose sight of what our target is. We expect to make them toe the line the same as we do the other mills in the area.

Mr. Stokes: Out of all adversity comes an opportunity. This morning Mr. G. I. Miller, Mr. Riddell and I had breakfast with the president and chief executive officer of that company, and he brought us up to date.

It gives you and your field staff an opportunity to monitor what is going down through Blackbird Creek into Moberley Bay. As you well know, they have those three settling ponds where the phenols and the suspended solids have become so concentrated that what was

coming out of those ponds was worse than what was going into them. Now you have an opportunity to monitor.

They are still running water through there and, of course, there is a flushing process or a dilution process going on and it will be going on until at least the middle of March. It gives you an opportunity to monitor what is going on now and what effect it will have when they start up again.

Are you actually doing that?

Mr. Gots: We have done some monitoring. It is unfortunate that the process we were into with the control order was interrupted, because at the public meeting it would have become clear we were really dividing it into two problems: the mill itself; and its effluent and what to do about it.

As you have noted, the problems with the new mill over the last five years were so horrendous the Blackbird Creek system, which previously had been entertained, at least by the company, as a partial treatment system, had become so infected, if you will pardon the expression, that—you are correct—the effluent reaching Lake Superior was worse than the effluent coming out of the mill.

We had come to the conclusion they were going to have to pay the price to clean that up as well—that in addition to dealing with the mill as you would if they had a straight pipe to the lake, and meeting our requirements on that, they had incurred an additional problem they were going to have to address. We were dealing with that as a separate issue and were not prepared to let them put that aside as an historical problem. We want it corrected as well.

Mr. Stokes: Yes. Let me remind you that when they announced the expansion they were supposed to bring it on stream with an expenditure of something like \$240 million and \$70 million of that was dedicated to pollution abatement equipment which would be the next thing to a closed system. If all the pollution abatement equipment had worked well in treating the suspended solids and the phenols that were escaping it would have had almost a zero effect on the ecology.

That has never happened and I think you have an opportunity right now to monitor the quality of Blackbird Creek and Moberley Bay and at least have a benchmark from which to make a comparison once the mill starts up again, in much the same way as they did with Inco, you remember, during that protracted strike. They had an opportunity to monitor air

quality and I think you have an excellent opportunity right now to monitor water quality, and I hope you will do that.

Mr. Chairman: Mr. G. I. Miller and Mr. Addell have been waiting quite a while for five minutes each, if the committee agrees, perhaps for the same five minutes as Jack had.

Mr. G. I. Miller: It is an important issue, Mr. Chairman.

My concerns are, of course, the line that is running across Lake Erie to provide hydro to General Public Utilities. Is the minister now going to have an environmental assessment hearing in connection with that, or what are our plans?

Hon. Mr. Norton: As I had indicated, I think both in the House and certainly at any time I have been asked questions recently about it, there is an unusual situation on that specific project in that the legal opinion would indicate that by virtue of the primacy of federal legislation it overrides the provincial legislation, in this instance the Environmental Assessment Act.

How best to deal with that situation is something we are still examining. We have had considerable communication with the National Energy Board, exploring the extent to which—I could go back beyond that, I suppose—initially making inquiries as to whether there was any possibility of having a combined hearing which could apply to both their legislation and the provincial legislation. That suggestion for a combined approach actually did not get very far.

We then explored the extent to which they could be prepared to apply the principles in our legislation if the ministry was to participate as a party at the hearing.

We are exploring the alternatives, which have not excluded trying to find some way to in a sense do both. But as to the most effective way to apply the environmental standards of the province in this process so as to protect the interests of the public of Ontario relating to this project, the final answer to that, how that will be done, is not yet determined.

Mr. G. I. Miller: I guess you are aware of the notice of public hearing published in the Globe and Mail on December 3 by the National Energy Board. The hearing will commence not earlier than January 11, 1982.

Where will that hearing be held? Will you have any input into it? Is it going to be held in the area?

Hon. Mr. Norton: We will not have an opportunity to determine where the hearing is held. I assume it is in Ottawa, is it?

Interjection.

Hon. Mr. Norton: I think it will be held in Ottawa, but I do not know if—

Mr. G. I. Miller: Why would it be held in Ottawa when it affects the area where the cable is located?

Hon. Mr. Norton: I do not know whether it is always the practice of the National Energy Board to hold the hearings in Ottawa or not.

I do not know offhand, for sure, where they are holding it. Obviously we do not determine that, they do.

Mr. G. I. Miller: Will the Environment ministry be having any input? Do you not feel it should be held in the area rather than in Ottawa, because of the local effect?

Hon. Mr. Norton: In terms of the accessibility of the hearing I would think that, from my point of view, would be preferable.

Perhaps Mr. Mulvaney, who is the director of our legal services branch, can find that out for us; maybe he knows already. I guess he does.

Mr. Mulvaney: I am Neil Mulvaney, director of legal services.

The notice of the hearing for the National Energy Board on the GPU line does not give a date. The notice indicates that the hearing will not take place before February 2 and the precise location will also be determined once it is known who is participating in the hearing.

So we know neither the exact location nor the date, except that it will not be prior to February 2.

11:20 a.m.

Mr. G. I. Miller: Okay, and you say it overrides the provincial legislation, that the Environmental Assessment Act will not—

Hon. Mr. Norton: The federal legislation does override it, according to the legal opinions that have been obtained from three separate sources.

Mr. Kerrio: The National Energy Board inquiry?

Hon. Mr. Norton: Yes.

Mr. Kerrio: They are not that interested in anything that impacts on the environment. They are more concerned about whether we can send the extra power over to the American friends of ours. This is a real cop-out.

Hon. Mr. Norton: You should correspond with them on that subject or talk to someone from the National Energy Board. They maintain that their mandate extends to environmental impact.

Mr. Kerrio: Those feds are nearly as bad as the provincial Tories.

Hon. Mr. Norton: Although it may not satisfy us in terms of—

Mr. Kerrio: Do you think they are going into depth on the acid rain involvement in that plant's sending that nice, clean power to the States? That is not their mandate.

Hon. Mr. Norton: It is my understanding that they are prepared to go into those things as they are raised by parties before the hearings.

Mr. Kerrio: You are more intent in getting out from under than you are to see to it that a proper hearing is held.

Hon. Mr. Norton: How did you ever come to that conclusion? That is based on nothing but partisan speculation.

Mr. Kerrio: All right then, I will ask you: do you think the NEB is going to go into a real, in-depth study of the impact of the SO₂ emissions from that plant on Ontario and on the farms in the area and everything else? Are they really going to go into that?

Hon. Mr. Norton: It is my understanding that if those matters relating to the environment are raised at the hearing, they will take those into consideration.

Mr. Kerrio: I cannot believe that. Do not trust them. I am asking you right now, let the feds do their thing. This is taking place in Ontario. This is your battle. I do not trust them to do a really good job on it and I am asking you now, let us go on with what we have set up as a good hearing.

Hon. Mr. Norton: Do you trust anyone?

Mr. Kerrio: In environmental matters, I do not want to say it, but we are in terrible shape from trusting people.

Hon. Mr. Norton: How can you say that?

Mr. G. I. Miller: A little bit further on that, I think we have restored a little faith by what has happened during the past year, but have you not learned, Mr. Minister, that the Environmental Assessment Act is there to protect the people? Why would you not ensure that its provisions are carried out?

Mr. Kerrio: Right on, Gordon.

Mr. G. I. Miller: We had the chairman of the Environmental Assessment Board here last

night; I do not know if he is here today or not, but the question I would have liked to ask him is, how much work are they doing? My interpretation is that they are not all that busy.

I realize there is a time frame. That has always been the excuse, "It takes too long." I think it has been proven this past year on the South Cayuga issue that it has not saved time; it just stirs up the people. To gain some confidence, why would you not request an environmental assessment hearing and deal with it quickly?

I support the proposal of selling our power, but I still want to protect the people in Ontario, particularly because the power is coming from Nanticoke. It is going to affect that part of Ontario perhaps more than any other place.

In your opening statement you mentioned that we have new plants coming on stream—like Texasgulf in Timmins, where there were 368 tons of SO₂ produced, it is down to nine tons. There was another plant, a zinc smelter, where it was brought down from 400 tons to four tons per day. These are new plants.

This is a new plant at Nanticoke and we have had discussions with the management there. They do have plans to put on scrubbers. Any new plant being built in the United States would have to have scrubbers installed immediately, so I do not see why, when we are making a deal to sell excess power in the US, they should not be required to pay a small amount to provide those scrubbers. It will make Ontario cleaner and it is going to make America cleaner. That is the direction we should go. It should be tied to the sale of power and those scrubbers should be in place.

The minister has indicated that 30 per cent of this power export is going to be from nuclear sources, but Hydro's own figures claim that only 8.3 per cent is going to be from nuclear plants if the total of 8,760 megawatt hours are sold. If that does take place, by 1990 27.9 per cent of the emissions are going to be from the sale of that clean electricity to the States.

Again, Mr. Minister, it is your responsibility to make sure that before that sale takes place, those scrubbers are going to be applied to protect our environment.

Hon. Mr. Norton: Are you suggesting that if the proposed sale is not approved, we should still not insist on scrubbers? Are you saying they should be applied only to the sale?

Mr. G. I. Miller: No, I am not saying that. But you have an extra profit to work from.

Hon. Mr. Norton: I do not; Ontario Hydro

light. The fact of the matter is that the question of the limitations that have been placed and the reductions that are required of Ontario Hydro are quite independent from any sale or no sale. They must meet those limits whether they get approval for this sale or not. I would not personally feel that it would be desirable to in any way tie the reductions to this specific transaction.

Mr. G. I. Miller: Perhaps you have a point here, Mr. Minister.

Hon. Mr. Norton: I am just trying to recall the earlier point you made. I may come back to it. Yes, I know what it was. You may be misinterpreting what I have said.

All I have related to you, as it applies to the question of the constitutional issue of primacy of legislation, is what the legal opinions have now essentially uniformly said. That is that by virtue of the doctrine of primacy, the Ontario legislation is not binding upon the situation. What I am trying to do is find a way to make our standards most effectively applicable to this particular undertaking. What that may be I do not know yet.

For example, it is my understanding that, all things being equal and if those legal opinions are correct, in this situation no exemption would be necessary because the Ontario legislation is superseded by the federal legislation and therefore would not apply. It is not a question of trying to slip out from under something, it is a question of trying to deal with a very complicated legal situation which, I am sure, no one had anticipated.

Mr. Kerrio: Their priority is so different. They are only concerned about how this fits into the scheme of exporting energy.

Mr. J. M. Johnson: Mr. Chairman, would you cut out the interjections from the chap from Niagara Falls?

Mr. Kerrio: This is a pretty important topic. You can cover it up if you want, but I tell you this is—

Hon. Mr. Norton: I am not trying to suggest that our positions on environmental issues between the two levels are uniform.

Mr. Kerrio: They do not have the interest in the environmental aspect. They are only concerned about how it fits into the scheme of energy in Canada being shipped out of the country. That is their prime concern. When they address themselves to that, I do not think they are really going to do a job on the environmental issues.

Hon. Mr. Norton: The communication we have had with the board has been precisely intended to try to tie that down and see how far they are prepared to go.

Mr. Kerrio: If you insisted on hearings, you would not care how far they go because we would be looking after our own interests.

Mr. G. I. Miller: I guess my last question is, will you insist on a hearing?

Hon. Mr. Norton: I will insist on whatever the best course of action will be to ensure the maximum protection of the environment and the interests of the people of Ontario. What that specific course may be I have not yet determined, neither has the government.

There will be hearings; there is no question about it. The National Energy Board clearly will be holding hearings, so there will be hearings. I think what you mean is, will I insist on, in some way, environmental assessment hearings? How that can best be handled has not been determined.

11:30 a.m.

Mr. Charlton: While we on this topic of the supremacy of federal legislation over provincial, I do not profess to be a constitutional expert or to have all of the answers, but over the course of the last several months I have had discussions with a number of legal beagles who claim to have some constitutional expertise—

Hon. Mr. Norton: You have been talking to Jim Renwick again.

Mr. Charlton: No. As a matter of fact, I talked to some people who got in touch with me about issues we were discussing earlier this year such as Bancroft and Borden, et cetera.

It has been expressed to me, and I am just raising this because I would like the minister and his staff to look into it much further, that the constitution of this country, the BNA Act and the provinces' exclusive jurisdiction over land use, and the present constitutional resolution does not change that jurisdiction. In fact, provinces can legally deal with anything that has to do with land use and, to a great extent, impose their will in terms of how land use will be determined.

As I said, I do not have the answers but it is a suggestion that has been made to me by a number of people that I think you should be seriously looking into much more deeply.

Mr. Stokes: Put it more positively; the hearings of the National Energy Board into this very crucial matter do not give you an opportunity to opt out. That is the question.

Hon. Mr. Norton: The question is not one of opting out. The question is one of facing a complicated legal situation and finding a way to make our standards applicable in this process. It is not a simple black and white matter.

I do not know who your advisers are on this, but just to use another example in terms of this absolute jurisdiction that you refer to, on other environmental matters relating to, for example, Eldorado, we have had a case recently that we have lost now at three levels where the courts all the way up the line, so far, have told us that we do not have jurisdiction to environmentally regulate the activities of Eldorado.

Mr. Kerrio: That is a crown corporation, that would be different—

Hon. Mr. Norton: All I am saying is that it is not a simple black and white matter. On the basis of the advice the member has received it would seem that Ontario or the provinces have absolute jurisdiction over matters relating to land use. If he extends that therefore to environmental impact as a result of this land use, I am simply pointing out it is not a simple black and white matter. It is a complicated issue—

Mr. Charlton: That is clearly understood, Mr. Minister. I am asking—

Hon. Mr. Norton: —that has been thoroughly researched now by at least three separate and independent bodies, in some cases law firms, in some cases the crown law office and so on.

Mr. Charlton: I am asking you to look into it further. For example, if the minister will recall, the Attorney General of this province assured this Legislature that actions this government took in 1976 regarding wage and price controls were constitutionally sound and there was a constitutional lawyer in this province representing one of the civil service unions in this province who took you to court and proved your legal advisers were wrong in constitutional terms.

I am not a constitutional expert. I have heard some suggestions I would like to see looked into further because this question of the supremacy of federal legislation over provincial is going to be a recurring issue.

I do not think you have any question about that in your mind. You have the question of the disposal of radioactive waste to come to terms with and a number of other issues where there are jurisdictional questions between yourselves and the federal government. I think it is imperative that you make every effort to find some way into that whole debate.

Hon. Mr. Norton: I think what you are saying is that there should be an environmental assessment hearing. Theoretically, on the basis of the opinions that have been received, I think it could well be possible—I am not saying this would transpire—to have a situation where we held separate hearings where the National Energy Board could say go ahead while the Environmental Assessment Board, at the conclusion of its hearings, could conclude that the project ought not to go ahead. Aside from extraordinary measures, I think the matter could still go ahead in face of a contrary opinion from the Environmental Assessment Board, because the opinion is that our provincial law is not binding in this situation.

Now what I think we have to try to find is a way to make our standards as effectively applicable in a situation as possible. That is all I am really trying to say. How that is best done I do not know at this point.

Mr. Kerrio: We are not talking about a private company, we are talking about Ontario Hydro. Do you think they would want to go ahead in the face of what appears to be no reasonable hearings? We are not talking about a company that is insisting on its rights in doing this. We are talking about a company that belongs to the people of Ontario. Do you think they would want to escape being responsible?

Our leader brought up another good point: if you put some nuclear power through that pipe maybe you should send them the spent fuel bundles too.

Hon. Mr. Norton: Your leader is always coming out with very practical suggestions like that.

Mr. Kerrio: You know that is not all that bad when you consider what we are embarking on here.

Hon. Mr. Norton: Are you serious?

Mr. Kerrio: Would you rather continue to leave them here and have the power go into the States and manufacture goods there while we just kind of wither on the vine?

Hon. Mr. Norton: In view of the relative records of the two countries, I think we might stand a chance of handling it better here—

Mr. Kerrio: If that thing in Alberta goes well, where the action is.

Hon. Mr. Norton: —than they might south of the border.

Mr. Kerrio: Gordon, keep up the pressure, you have done well on that South Cayuga matter.

Mr. G. I. Miller: You are complaining about the Americans not doing well, but is it not a fact that many hydro plants in the United States do have scrubbers on them? There is none in Ontario but they do have them in the States.

Hon. Mr. Norton: It is true that the new plants in the United States do.

Mr. G. I. Miller: How many?

Hon. Mr. Norton: I do not know the precise number. The problems arise from some of the older plants which are not being required to retrofit and they are being kept in operation in order to avoid having to build new plants.

Mr. G. I. Miller: Again, the point I am trying to make is that Nanticoke is a new plant which has only started in 1968 and they are finally getting the bugs out of it now. They were not required to have scrubbers on then. So do not say that the States are behind, I think they are ahead in some respects.

Hon. Mr. Norton: I guess you were not here last night when we got into this. I thought I had made a very convincing explanation of the difference in approaches and I thought I had convinced everyone on the committee that Ontario's somewhat more pragmatic and realistic approach was being much more effective than what looks like a very fine approach on paper in saying, "All new plants." We could require that in Ontario right now; we could say all new coal-fired generating stations in Ontario must have scrubbers and never build another one.

That is not going to solve the problem. That is the kind of problem they have in the United States. They are saying all new coal-fired plants must have scrubbers and there are very few of them being built. The problem is they are keeping in operation their old plants which are dirty and inefficient and are spewing out sulfur and they are not being required to retrofit. What we are doing here is taking the approach that we have to clean up. They are not cleaning up.

Mr. G. I. Miller: The member for Lake Simcoe (Mr. Stokes) said we could use peat and I think he may have an alternative.

Mr. Chairman: I think this has been aired quite well yesterday and again today.

1:40 a.m.

Mr. Riddell: Mr. Chairman, I always thought

I could stand up to the best of men, but to try to compete with my colleagues on either side of me is an almost insurmountable task.

Mr. J. M. Johnson: It certainly is.

Mr. Kerrio: Why do you not give up then, John?

Mr. Riddell: I want to touch on a matter I do not believe has been discussed during the consideration of these estimates unless it was discussed last night when I was unable to be here. I come from what is probably the most concentrated farming area in Ontario, so my concern is the effect of acid rain on food crops.

I do not minimize the effect of acid rain on forests and lakes. I think perhaps one morning we will all wake up to a bowl of woodchips covered with water from acid lakes. That is just how serious I think this situation is.

I sat on a committee in 1978 whose mandate, I believe, was to look at the control orders on Inco and Reed Paper Limited. That led, of course, to a whole discussion on acid rain. At that time I asked if we knew what effect acid rain had on our food crops. I was surprised to learn there was very little knowledge about the effect of acid rain on food crops and that very little research had been done.

I wonder if, in the meantime, we have done any more research and whether we know how food crops are being affected by acid rain. I am wondering if this matter was discussed when you went to the United States to convince them they had to clean up their house as well.

I am told by the farmers throughout the province that they are seeing dwindling yields they cannot account for. They are following the usual management practices; they are trying to incorporate organic matter back into the soil, they are still applying as much fertilizer as ever and yet they say their yields are showing a steady decline year after year. That makes them think something other than their management practices is causing this, so they are now taking a look at this whole acid rain situation.

My questions are: Do we have any more knowledge than we had in 1978 about the effect of acid rain on food crops? What research are we doing? If our crops are being affected can we correct it by liming the soil?

In 1978 we were told liming the lakes was not the answer. There were 140 lakes which were considered to be dead lakes and we were told that, unless something was done, within the next decade or two we were going to lose 40,000

lakes in northern Ontario. That is astonishing. They have tried to lime the lakes and have had, as I understand it, no real degree of success.

If my memory serves me correctly we were told at that time they would never be able to restore those lakes to the point where you could reintroduce the native fish and expect them to survive, regardless of what tactics they used.

If acid rain is having an effect on our crops, can we correct it by liming the soils, or is considerable damage done by the acid rain falling on the foliage of plants? If that is the case, liming the soil is not going to help in any way.

How does acid rain affect soils? From any information I have read, it makes the minor elements in the soil more soluble in water. That leaches out and they are not available for crops.

I am interested in how acid rain affects our food production and what can be done about it if we know food crops are being destroyed to some extent by acid rain.

Hon. Mr. Norton: Perhaps I can call upon Dr. Van Volkenburgh again to address both this and another aspect of the long-range transportation of air pollutants which we know is having an effect in Ontario; that is the problem relating to ozone.

Mr. Riddell: That affects the white bean crop. They are no longer being produced in Essex and Kent counties to any extent because of the pollution from Detroit. It has now moved up into Huron and my understanding is it is affecting the bean crop in those areas as well.

Dr. Van Volkenburgh: I am Greg Van Volkenburgh, director, air resources branch.

The knowledge of what acid rain is doing to crops is not as advanced, in terms of what we see in the field, as the knowledge of what acid rain is doing to the lakes.

Using laboratory studies we have evidence that if you make the rain acidic enough—if you take a shower nozzle and put very acidic rain on plants—you can see damage to the leaves, to the fruit or to the roots. But in the field, there really has not yet been any documented evidence of damage. Damage to a crop is not quite the same as a yield reduction. One could have a yield reduction and not see holes in the leaves or something like that.

I would like to call on Ron Pearson to tell you about the studies we are doing as part of the acid rain program. He is the acting section head while Dr. Linzon is vacationing in Florida. Dr. Linzon thought the estimates were going to be over and I gave him permission to go south. He

is presently far away. Ron can tell you very briefly about the kinds of studies we are doing. These involve both field investigations and laboratory studies.

Mr. Pearson: I am Ron Pearson, acting supervisor, phytotoxicology section.

With respect to the question concerning the effects on crops, as Greg has pointed out there really is no documented evidence at this point that there are effects on crops. We have prepared a very comprehensive bibliography outlining all of the effects that have been reported and this is available for distribution.

Looking at the crop effects on the basis of the work done in Europe and throughout the United States, we expect to find the major effects in the forest areas. We have been concentrating primarily on those areas, trying to work up a program to determine if there is an effect on vegetation in Ontario. As for the crop aspect and any actual injury to foliage, we have not had any reports of this happening in Ontario and we have not seen it ourselves.

We have set up a fumigation chamber in our laboratory at Brampton to try to get a better handle on what is happening. This type of chamber is apparently the only one set up in Ontario. We have tied it in with five laboratories in the USA. It will be a comparative study to try to document what is happening on a few field crops. Once we get our equipment standardized, we will be moving into the field and actually looking at the crops themselves. That is pretty well what is happening.

Mr. G. I. Miller: Are you working very closely with the national environmental study which has been going on for 10 years and has done considerable research? Are you aware of those studies?

Dr. Van Volkenburgh: Many of the studies regarding vegetation are done in the Nanticoke area and we are making use of the data gathered in Nanticoke over the past 10 years. Maybe this is a way to come back to two points which I think Mr. Norton touched on.

First of all, there is a possible problem with crop yield loss or perhaps crop damage, because you can have crop damage due to ozone. We have seen this and the effects on tobacco and white beans are well known. There is also the possibility, and this is a very active area of research, that there is some sort of a tie-in. Ozone might weaken the plant in one way and then maybe acid rain weakens it in another way. Maybe the two of them put together exert a

synergistic effect which arises because of both of them together. It does not arise when you have either alone.

11:50 a.m.

This is a very new area and it is an area of active research in the United States. I think we will be able to do some work in that area, because we have the fumigation chamber and the synthetic acid rain chamber.

The second point goes back to the conditions of the soils. Your remark about the leaching out of metals is certainly correct. Depletion of alkaline material in the soils may occur, but because the crop soils are managed so heavily by the addition of fertilizer, that really puts much more lime into the system. If it were lost, you would be adding a lot more. Again, Ron could speak to this in a little bit of detail.

Mr. Pearson: In setting up our soil surveys we tried to actually stay away from cropped areas to set up baseline studies. It is very difficult to determine what is exactly going on in the soil. It is a very complex system and you complicate that with management factors. It just further complicates the assessment of what is happening in a long-term period. Although some of our studies have been set up in agricultural areas, we have tried in those cases to avoid actual cropped areas because we simply cannot relate this data to previous surveys.

These surveys are set up on the basis of past surveys done by the University of Guelph and by the CDA. These are mapping surveys of the province. We have tried to follow them because there is background data on what the soils were like five, 10, 15 years ago. But again, it has to be done in nondisturbed areas, otherwise the interpretation is simply impossible.

Mr. Riddell: Is there a co-ordinated effort on your part and on that of the Ministry of Agriculture and Food officials?

Mr. Pearson: The Ministry of Agriculture and Food have representation on the terrestrial effects working group, so the crop specialist at Lindsay is the representative. He is feeding in any information he would have through the soils and crop specialists throughout the province.

Mr. Riddell: In the interests of time, I shall end there. Thank you.

Mr. Chairman: I would like to finish at least

2103 today, so that would leave us with 2104 tonight. I am suggesting to end 2103, and that concludes 2102.

Mr. Kerrio: On vote 2103 I have just a couple of short questions.

Mr. Chairman: Shall 2102 in total then, including the supplementaries, carry?

Vote 2102 agreed to.

On vote 2103, environmental control program:

Mr. Chairman: In fairness, I think we did agree Mr. Johnson could get his question in under this vote. I think he has to leave and I have put him off for a couple of meetings.

Mr. Kerrio: Do you keep in touch with the Adele Hurley in Washington on the acid rain problem, Mr. Minister?

Hon. Mr. Norton: I do not directly, personally keep in contact. I do hear of her efforts and many positive things from time to time. Like some others I often think she could give us more credit, but then I realize she comes from a very limited background.

Mr. J. M. Johnson: Mr. Minister, since you are in a hurry to get a coffee, could you maybe ask one of your people, Mr. Grant Mills, to come up. I would like to ask a question pertaining to the Rothsay concentrates.

Hon. Mr. Norton: I think I have probably had more correspondence on Rothsay concentrates than any other issue in the whole province.

Mr. J. M. Johnson: Then maybe, Mr. Minister, you could listen to the comments from Mr. Mills and find out where we are in relation to solving the problem. Then I would like your assurance you will do everything in your power to see we clean this mess up this coming year.

Mr. Mills, I see on page 71 of the estimates that the company has hired a consultant to study the water treatment and lagoon problems and that a preliminary report is expected in September 1981. Is that report ready?

Mr. Mills: It has gone a little beyond that. They have made a decision to completely revamp the waste water treatment system. The prime consultant has retained a project manager and he is now looking at the improvements. They did not want to put a specific deadline on it, but probably during the month of May or early June it will be in full-scale operation.

Mr. J. M. Johnson: There are two problems, one pertaining to the lagoons and other to odours.

Mr. Mills: In the feather-drying process, the feathers they use are sometimes smothered and at other times burned. It was the burning odour that was particularly offensive.

We have been negotiating with them since the major improvements were undertaken last spring, and the company has agreed to install an entirely new feather-drying operation which has operated extremely well in other areas. It has been ordered and is probably in the country now. It is expected that it will be installed and operating by the end of February or early March.

Mr. J. M. Johnson: And the lagoon?

Mr. Mills: They will eliminate the three aerated lagoons from the existing system and put in a complete biological system which is not too far different from that which would serve a community of 5,000 or 10,000 people. They will retain the polishing lagoons and continue to spray the effluent on to the land.

Mr. J. M. Johnson: And you feel that these two solutions will satisfy the problem in Rothsay?

Mr. Mills: Yes, we are all confident of that.

Mr. J. M. Johnson: Have you conveyed any of this information to the people in the area?

Mr. Mills: No. We have just received the communique from Rothsay Concentrates Company Limited outlining in writing what its plans were, and one of my staff will be communicating directly with the sewage treatment plant committee.

Mr. J. M. Johnson: Mr. Minister, I received a letter from the concerned citizens of that area just a few weeks ago and forwarded it to your office. I believe they asked for an update on what is happening in that area. Would it be all right to convey to them the information that Mr. Mills has presented to the committee?

Hon. Mr. Norton: Certainly.

Mr. J. M. Johnson: Would you have someone in the ministry send out whatever pertinent information we do have?

Hon. Mr. Norton: Yes, definitely.

Mr. J. M. Johnson: I would appreciate it if you would convey to them your concern that we solve the problem this year since it has been ongoing for several years.

Hon. Mr. Norton: I can assure you I am well aware of that. I have, in fact, had letters on this particular matter from as far away as Vancouver from someone who visited the area.

Mr. J. M. Johnson: I think, Mr. Minister, that

it should be pointed out to the committee that all the members of this committee are indirectly responsible for the problem I have in my riding because this is a rendering plant and they service the whole of the province by taking the waste and making it into something worth while. At the same time, I do not feel that people in that part of the riding should have to suffer this foul smell and other related problems. I hope we have total agreement in the committee on that.

I have one other short question, Mr. Chairman, pertaining to Graham Fiber Glass Limited in the village of Erin. Is that also in your area?

Mr. Mills: Yes.

Mr. J. M. Johnson: This is a problem of high intensity sound. Has there been any major breakthrough there?

Mr. Mills: All I can really report is that they have been told what improvements they have to make. It is simply a matter of time until these are done. The noise people have been working with them directly, but I think they have left.

Mr. J. M. Johnson: I take it one reason for the delay is the financial difficulties of the company. Those have been resolved, have they not?

12 noon

Mr. Mills: It went into receivership at one point and then was taken over by another company. The new owners appear dedicated to solving all of the problems and behaving as good corporate citizens.

Mr. Manuel: My name is John Manuel and I am with the pollution control branch. The problems are on the way to solution. The firm has finally hired a consultant and is now in the process of developing adequate silencers for the stack. They are also trying to solve some of the other problems internally. I hope the situation will be resolved within the next six months.

Mr. J. M. Johnson: It would be appreciated if you could do something before the summer season. That is when the noise factors have the worst consequences.

Mr. Manuel: One of the fundamental problems—and we have pointed this out to the residents of the area—is that this industry moved into an existing structure that was not properly designed for that type of operation. The problem will never entirely go away because of the inadequacy of the structural shielding of the plant. So we are going to have a continuing problem in that respect.

Mr. J. M. Johnson: Thank you, Mr. Chairman.

Mr. Kerrio: Mr. Chairman, in vote 2103 could we move across the various items, if Mr. Charlton is in agreement? I have just two major questions on this whole area.

The first has to do with what I consider to be a serious lack of control in a program relating to pesticides. For nearly four years the most significant story about the pesticide industry really has not been addressed. Industrial Biotest Laboratories is an American company which made thousands of tests to determine the safety of hundreds of chemicals, including drugs and food additives as well as pesticides. About 1,400 studies on more than 200 pesticides tested by IBT are now suspect. Just under 100 pesticides used in Canada depended on IBT tests for proof that they are safe. Of the 1,400 studies by IBT, about 800 have been reviewed to date by Canadian and American government investigators.

These investigators found that all rodent studies used to determine numerous long-term health hazards are useless, as are 94 per cent of the tests to determine if the chemicals cause cancer, 79 per cent of the tests for reproductive problems, 75 per cent of the tests for birth effects and 75 per cent of the tests to determine effects on fish and wildlife. In all, 89 chemicals are in question, 29 of which do not appear in the Pesticides Advisory Committee booklet, Ontario Guidelines for Classification of Pesticide Products, and thus must be used for purposes other than herbicides and pesticides.

The PAC has four classification categories, schedules one to four. Schedule one products are restricted, while schedule four products can be safely handled by any type of retail outlet and could be available for sale in food-handling establishments. Of the 60 suspect IBT chemicals, 10 per cent fall under schedule one, 34 per cent under schedule two, 36 per cent under schedule three and 8.3 per cent under schedule four. Our concern is that in spite of the audulent or questionable testing of the chemicals by IBT, 55 per cent of them are classified for use in Ontario as having minimal hazards.

In Ross Howard's article in the July 1981 issue of Canadian Business Magazine, called Chemical Warfare, the following is found: "Some provincial agencies weren't interested in knowing it themselves. 'We were aware of the IBT problem almost three years ago,' admitted Alex Chisholm, executive secretary of the Ontario-appointed Pesticides Advisory Committee, 'in mid-1980, but it is not our function to ask.'"—and here, Mr. Minister, is where you should be

involved— "That's up to the Ontario Environment Ministry.' Chisholm's committee advises the provincial Environment Ministry on pesticides safety and usage."

I wonder, Mr. Minister, if you have updated the effects of chemicals which have circumvented what appears to have been responsible testing and are on the market. What is the ministry doing about that whole area of pesticides which somehow come on the market after questionable testing?

Hon. Mr. Norton: Perhaps I should call on Mr. Doug Wilson who is head of the pesticides office in the branch. While we are waiting for him, I might indicate that this has been an area of very major concern ever since the problems associated with IBT came to our attention. We have been working in close co-operation with the federal government which has the responsibility for registering the pesticides that are permitted for use on the Canadian market. They, in turn, have been working on a co-operative basis with the Environmental Protection Agency to review all the available evidence on the products that depended upon IBT testing.

In so far as we have had a role to play, it has been mainly in the area of the licensing within Ontario. I think the list has been very substantially reduced at this point. Some of the pesticides involved with IBT were not in use in Ontario or in Canada. Others have been reviewed and cleared, while others have been placed in much more restrictive categories. Perhaps Mr. Wilson could fill us in on the details.

Mr. Wilson: Mr. Kerrio referred to 29 compounds which are on the IBT list that are not listed in Ontario's regulations. There are three possible reasons for this.

Industrial Biotest Laboratories is primarily an American laboratory, and those would be products that are registered or used in the United States, not necessarily those used in Canada. Secondly, some of the chemicals are those for which application has been made, but not yet granted, for registration. Thirdly, some are chemicals used internationally in agriculture. In order for that food commodity to be brought into Canada, tests have to be established here on the residues of those chemicals.

It was pointed out that the problems with the work done by IBT were discovered about four or five years ago, and it took over a year to assemble all the data that was available. IBT had a fire about 10 years previously and lost all its original slides and data. All studies done

before that time could not be validated because there were no original manuscripts, feeding records and toxicological slides available to be reviewed.

The review process is mammoth since many years of research are involved, and the number of man-hours available to review the data is very limited. The two authorities primarily involved, EPA in the United States and the health protection branch of Health and Welfare Canada, tried to divide these compounds in such a way that each would look after approximately half of the compounds in order to avoid duplication of activity.

The resources each country has for a capable toxicologist to review this data is very limited. It was only a year and a half ago that a special task force was formed within the health protection branch and extra people were added drawn from other government agencies to review the data which was presented. IBT data did not represent all of the information submitted in support of registrations. It was only one major laboratory.

12:10 p.m.

If I can use as an example a compound which perhaps is registered in Canada, there may have been as many as 30 or 40 studies that supported its registration, everything from its effectiveness through to its health aspects. Of that, perhaps 10 were done by IBT, and of those 10, perhaps four only were valid. Of the six which were invalid, perhaps there were two or three that were done in Japan, Sweden or Great Britain which were duplicates. Many governments around the world are loathe to accept some other country's standards or toxicological evaluations. For instance, Japan does not accept the staining techniques used in liver slices in Canada or the United States has a similar type of study run because of that.

There are some compounds which are seriously unsupported by good long-term health studies. About two months ago Mr. Whelan announced that he planned to cancel five active ingredients, which, I believe, resulted in about 17 products that would be cancelled in the middle of this month. He demanded from the companies more information right away, or from his provincial colleagues reasons as to why those products were essential for agriculture or its use. My understanding is they are prepared right now to cancel four of those products. Regarding the other two, there are submissions in from Ontario and Quebec on essential uses of two herbicides.

There are another 29 active ingredients which have serious deficiencies and perhaps one, two or even three studies where the information will not be forthcoming until after January 1982. That involves about 300 products as of December 31 or January 1. Every one of those products sold in Canada must have a warning sticker that basically says there are gaps in the toxicological data supporting it and everyone using it should use every available safety precaution.

There are now a large number of products on which studies have been replaced or are very close to completion that just have not been reviewed because of the bulk of data. They will be continued until that review is finished. There are several other compounds which have been cleared.

In Ontario we have been trying to follow the progress of this all along. Indeed, about nine months ago we wanted to try to get more information than we had on IBT. Your report mentioned Mr. Chisholm, who is the secretary, not the chairman, of our advisory committee. The chairman is Dr. G. S. Cooper. Dr. Cooper and I thought we would try to speak to the people who are involved in the manufacture of all these compounds which are used in Ontario. We did and we got good information from them on the status of their products. We do not have the capability to review this literature. Health and Welfare Canada and the Environmental Protection Agency do not have the resources to adequately review all this material in two or three years; so obviously we do not. That is their role.

We did, however, realize the shortcomings in these IBT compounds. The resources group our ministry is involved in agreed to notify everybody who is using pesticides about these concerns of the commercial users. Our group licenses about 1,300 people in outlets in the province. We notified everyone of the categories these compounds were in and why it was an issue.

The Ministry of Agriculture and Food this year in every one of its spray calendars—I believe there are about 12 of them—will have an article on IBT and what it means. It will list every active ingredient in that recommendation that will have this precautionary labelling on it and mention what the shortfalls will be. This is the only province which has taken that initiative. It was a recommendation from Mr. Whelan, I believe. Ontario is the only one that is going to incorporate that in all its recommendations.

We have changed our schedules in the last two months to place the same materials the federal government is planning to cancel into a restricted group which will require a use permit, our idea being that if these products are used, the growers should at least be advised of all the shortcomings so they may make an intelligent decision that with the proper safety equipment they would continue to use it. The cancellation of some of these registrations is important enough that we would lose crops in Ontario, and our agricultural industry can ill afford to lose entire crops.

Mr. Kerrio: I have just a couple of questions related to some of this evidence, Mr. Chairman. First, the remark was made that there were a great many records lost in a fire that IBT had. I wonder whether that really should reflect copies of tests which, of necessity, should apply to the product before it is put on the market, so the tests that were conducted should always exist, regardless of what happened to the central involvement, unless they were tests which were under way. Would the tests not have to be given to the authorities which have to approve these pesticides, and would they not then in that form exist along with the product being marketed? That is one question I have.

The other question is on the basis of wondering about IBT and their function here and whether they were determining to help some of these industries get questionable products on the market. Is there any cross-reference done by various laboratories that would do testing to see, in effect, if there are two or three of them conducting the same kinds of tests and to verify the validity of the tests by comparing the results those laboratories might come up with?

My comments were that Mr. Chisholm was executive secretary. Is that right?

Mr. Wilson: He is the executive secretary.

Mr. Kerrio: That is how I had described him. The only other question I would raise is on the basis of examining some of the questionable research which was carried out—and your concern is that we obviously do not want to affect the productivity of the farmer—in keeping with putting products out which would help them with their crops. Would there then be any alternative study done as to what materials could be substituted in a safe way in that particular pesticide area? Those are the three questions I would raise.

Hon. Mr. Norton: The answer to your last

question would be if there was any known product available which would be a reasonable substitute and was known to be a safer substitute, certainly that would be recommended, but I think in some instances there simply is no known alternative. Is it Radox?

Mr. Wilson: Allidochlor, trade name Radox, is one product in question. It is used for weed control on onions on organic soils. There is no alternative. Onions are primarily grown on organic soils. There is one alternative on mineral soils. Another product they used was removed last year, and now there is only one product. I believe the other one is chlorbromuron, which is used on carrots on organic soils, and there are no suitable alternatives.

On the question of laboratory testing, a three-year dog study for cancer could cost half a million dollars and companies could not afford to do three of them and compare the results. The way they are trying to improve laboratory performance is to have standards and inspections of the laboratories and use the predetermined procedure to do these things.

12:20 p.m.

Mr. Kerrio: I would not expect you would ask one study to be given to three companies. I am thinking in terms of periodic studies which might indicate whether there is uniformity. You have answered my question in one respect, but I was thinking in terms of a periodic cross-study of reports that might come from two or three different companies.

Mr. Wilson: The standards four years ago were obviously quite lax. Because of IBT, they are now very rigorous.

Hon. Mr. Norton: In recent discussions I had with Mr. Roberts touching on this subject, he indicated that the federal government, through its participation in the Organization for Economic Co-operation and Development, I believe, has been supportive of trying to establish agreed-upon international standards in relation to the testing of chemicals, including all sorts of things. It is my understanding that there is fairly general agreement with the exception of the United States, if I am not mistaken, which, given the bent of the present administration, is not keen on being co-operative in a number of such areas. However, the hope is that if the other countries can agree, the United States may be forced to agree by virtue of its involvement in exporting and in the international market.

One of the problems we had in terms of

the role we might play in evaluating the material was that throughout much of the time we are talking about any information which had been submitted for consideration, prior to permitting the use of the product in Canada, was submitted to the Department of National Health and Welfare.

Under the terms of their legislation and because of the concept of protecting intellectual property, in other words, the information on specific details relating to such products in terms of protecting the company's interest, they had taken the position that information could not be shared with us. Again, that was the subject of a considerable amount of communication, including one federal-provincial meeting. It is my understanding that now, as of the last month or two, they are sharing some of that information with us. So we are now in a position where at least some of it can be considered by our Pesticides Advisory Committee and it can be of value to us too in coming to a conclusion as to the appropriate scheduling of that material in a more restrictive or less restrictive use.

Mr. Kerrio: Thank you very much. I have one last question about our water resources and control there. It has to do with the report by Pollution Probe on the Toronto water. We have to touch on that just momentarily.

One of your people who gave evidence talked about the emotionalism in an issue. I have to think that Pollution Probe has been a very responsible body and that what it was attempting to highlight in this particular report, "Toxics on Tap: A Toronto Drinking Water Report," was in a sense what I consider valid and that it was taken from what was considered by it as a preparation for an ultimate decision to be made on treatment of water. I think the press may have taken this beyond what they had intended.

What Pollution Probe was attempting to highlight was that "a number of toxic substances, such as lindane, DDE and many other items"—I am going to skip through this quickly—"have been detected in Metro's drinking water in relatively low quantities." They said that in the study. The minister has said the water is safe, which may be the case. I do not think they quarrel with that.

However—and I think this is the important thing as it relates to this particular issue—Pollution Probe was trying to point out the very presence of these chemicals is an indicator that Lake Ontario is, indeed, a cocktail of contaminants. Our present water treatment systems are

getting rid of bacteria and viruses, but in reality they do not address themselves to the degree they should with the removal of toxics.

The report should highlight what we may see in the future, and if the concentrations of the chemicals increase over the years, we may have a more serious problem. I believe Pollution Probe wanted to be forward-looking and have insight. They had the hope we would look at the matter more seriously so that 10 years from now they would not be saying to us, "I told you so."

Mr. Minister, I wanted to bring that into context because while this was going on, there was some discussion by the regional government of Niagara about a more sophisticated system. The people who are taking water from the Niagara River might address themselves to the toxics rather than the virus and bacteria treatment of drinking water.

I am a little disturbed Pollution Probe's intent was taken beyond what they had intended. Although they subsequently apologized, I wonder how you react to what they are attempting to do on our behalf. I wonder if you know whether there is some move in your ministry to do something in a meaningful way about additional treatment to the water for regional Niagara.

Hon. Mr. Norton: Commenting first on your question relating to Pollution Probe, I do not think anyone would take exception to the serious intent to examine and bring forward a document to a public health body, as apparently was their intent. This is not a criticism, but even the title of the document has to be looked at as indicative of something. I suggest Toxics on Tap is not necessarily the title for a learned document.

Mr. G. I. Miller: They apologized.

Hon. Mr. Norton: It is one thing to apologize after the fact, but if one is selectively choosing those kinds of titles for documents and then says, "Gee, we did not mean to get all that alarming attention," then—

Mr. Kerrio: They may have got it from your advertising.

Hon. Mr. Norton: Sure. All I am saying is if one wants that kind of treatment in the press, there are certain specific strategic things one can do. I think it is very skillful.

In my mind, Toxics on Tap is not a non-alarming title. It was not Pollution Probe alone. There are some other people who have retroactively apologized for statements they have

made. A person who was a member of the advocacy unit with the local health authorities here in Toronto made suggestions that pregnant women should not be drinking the water in Toronto. That has now been retracted or apologized for, as I understand it, if not by the individual then at least by the public health authorities.

Mr. Kerrio: Mind you, I think they based their report on federal and provincial data.

Hon. Mr. Norton: I am not talking about the problems relating to data. Again, there are questions relating to how the whole thing was treated. The press, as one might have predicted, saw the opportunity for some good headlines and just ran like hell with it.

Mr. Stokes: Even though Barbara has left the scene.

Hon. Mr. Norton: That is right, even though Barbara has left the scene. We have to recognize they are in the business of selling newspapers, and at times that may shape the way in which they treat things.

12:30 p.m.

Mr. Kerrio: That has a heck of an impact. You already learned that with your advertising.

Hon. Mr. Norton: Right, but at least we take a more responsible approach.

Mr. Kerrio: Especially at election time. How come you are acting more responsibly at election time? Is it not strange how you get more responsible at election time?

Hon. Mr. Norton: Our communication is even directed towards the member for Hamilton Mountain (Mr. Charlton) and his young daughter when they are watching the Dukes of Hazzard on Friday nights. As far as I am aware, the contents of the document were accurate. I think the problem is that it was treated in a more alarming way than it ought to have been.

In terms of the concern about the long-term effects of continued loading of such substances in water, I think I have already indicated the concern we have in that area and the efforts we are making. If at some point alternatives in terms of approaches to water treatment are indicated, then we are certainly not going to turn our backs on that, but not at this point.

Mr. Kerrio: Would you check the question about that involvement at Niagara, the question raised with the chairman of regional Niagara as to whether there should be some test equipment put into the Niagara plant?

Hon. Mr. Norton: Some test equipment?

Mr. Kerrio: To see what they thought about additional treatment.

Hon. Mr. Norton: There has been monitoring in the river. Mr. Mills, do you want to say anything? I think the intake from Niagara Falls, if that is what you were referring to—

Mr. Kerrio: Yes.

Hon. Mr. Norton: —is in a reasonably protected location.

Mr. Kerrio: Luckily, it is above the falls in a situation where most of the extremely hazardous sites are just slightly below it.

Hon. Mr. Norton: Also, as I understand it, the flow patterns are such that the materials that may be going from the American side really do not get over in the area of the intake from Niagara Falls, Ontario. I should leave that with you.

Mr. Mills: In terms of the large industrial discharge, as you pointed out, it is upstream from all of those. But we did act on a resolution of regional council to go into Niagara Falls, first of all, to intensify the sampling. We have agreed to do that. We were in there every six weeks and we are going to go in every two weeks.

We are going to analyse on a little bit different scale. We are going to attempt to relate influent to effluent. We used to go in before and take the sample at the same time. There is a delay of about 12 hours in the treatment process. So that will be refined. They will also attempt to do some process optimization to see if additional coagulants or whatever will improve the process in order to take out any of this material that may be attached to suspended particles.

As we have pointed out repeatedly, the water is now well within whatever guideline or objective that exists for drinking water quality. But, based on that optimization and the intensified sampling program, if it is indicated some of these materials are present and are getting through, we will then look into the possibility of a pilot scale. It will have some synthetic material for organics removal, or activated carbon, as has been specifically asked for by the region.

Mr. Chairman: I realize it is 12:30, but we did start a few minutes late. Mr. Stokes, you had a question?

Mr. Stokes: When we attend estimates like this, I think most of what we say tends to be probing and sort of critical and negative. I think I would be remiss if I did not take this

opportunity to say on behalf of my constituents, particularly in communities like Marathon, Schreiber, Nipigon, Beardmore, Longlac and Nakina, how much we appreciate the work your ministry does in upgrading sewage and water facilities. In concert with the Ministry of Northern Affairs, most of those projects would never be undertaken because we just do not have a tax base in those communities to even undertake the amount of work that has to be done, both with regard to the treatment of sewage and to providing sufficient water supplies to meet the needs of those communities.

While I want to start out by saying on behalf of those communities how much we appreciate what your ministry and the Ministry of Northern Affairs are doing, I also want to get into a specific area. Mr. Giles attended a meeting, along with a delegation from Geraldton, and, as you know, Geraldton is built in the worst of all possible places. They call it muskeg; now we call it peat. They are sitting on a gold mine, but it does not help them any when they are trying to effectively supply themselves with water and remove all of the effluent that is caused as a result of people living there.

I really want, Mr. Chairman and Mr. Minister, to get into a problem that faces all of these northern communities that do not have the necessary expertise to make very complicated and technical decisions. Very briefly, the town of Geraldton is experiencing a serious problem caused by large amounts of extraneous flows entering the sanitary sewers, resulting in hydraulic overloading of the sewage treatment plant. Let me remind you that it is your plant, you operate it, and 50 per cent of the system in the community belongs to the ministry. The other 50 per cent belongs to the municipality.

We hired some consultants to tell us what to do about the problem and we are no closer to a solution now than we were two, three, four or five years ago. I have heard an uncharitable description of what a consultant is. A consultant is a person who knows a hundred different ways to make love but does not know any women.

Mr. Chairman: Brian Charlton wanted to spend five or 10 minutes on it. I shall take two off.

Mr. Stokes: The storm and sanitary sewer separation program just completed this fall cost

approximately \$1.4 million. It has not improved the situation one iota. As a matter of fact, it has actually aggravated the situation. So we have spent \$1.4 million of local and your ministry's funds only to find out that what the consultants told us was not addressing the problem at all. Now they are talking about waiting until next spring until they get a TV camera to do whatever it does to isolate the problem.

Mr. Bosotti of your ministry is taking a very active interest in all of this, and we have undertaken to do certain things as a result of a meeting we had with Mr. Giles and Mr. Bosotti down here. There was another meeting in Thunder Bay. Neither one of us was present, but other people up there were, including your regional staff, along with staff from the Ministry of Northern Affairs and consultants. What we sort of decided on here as a realistic approach to the problem did not fit in with what they saw as a realistic approach up there.

We have already spent good money and it was well intended and everything else, but because of the imprecise nature of handling very technical and complex questions like this, we spent good money only to find out it solved nothing and, in fact, may have created more problems.

We have far too few dollars chasing too many problems. I want to remind you that the plant belongs to you people; over 50 per cent of the collector system belongs to you people. When you get this proposal from the town of Geraldton based on information that your technical experts have provided to them, will you give it the kind of attention that it deserves? They are well intended, but they do not have a tax base other than a residential tax base. They have no indigenous industry in the community. It is a dormitory community for all of the large companies that conduct their business elsewhere, and there is a mass exodus out of Geraldton every morning to go to work for Kimberly-Clark, Weldwood, American Can and Domtar.

All I am saying is, will you give this the kind of attention it deserves when you get a realistic proposal based on the best advice that we can get from your technical people and consultants?

Hon. Mr. Norton: Absolutely.

Mr. Chairman: We will adjourn until 8 p.m. tomorrow.

The committee adjourned at 12:41 p.m.

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Ontario

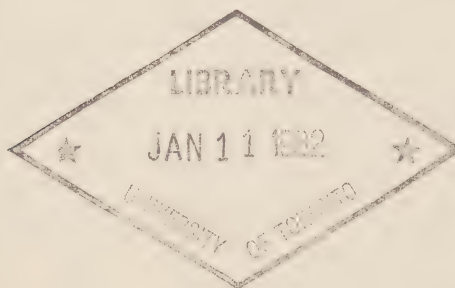
LEGISLATIVE ASSEMBLY

No. R-16

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of the Environment



First Session, Thirty-Second Parliament
Thursday, December 10, 1981

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, December 10, 1981

The committee met at 8:04 p.m. in room No. 228.

ESTIMATES, MINISTRY OF THE ENVIRONMENT

(concluded)

Mr. Chairman: We adjourned on vote 2103. There is a vote in the House tonight at 10:25. I think it is a 10-minute bell at 10:15. If we are all in agreement, I believe our target is to finish tonight. It looks as if we can go to about one or two minutes before 10:25.

We also would like to get on to vote 2104 as quickly as possible, but I understand we have agreement to hear from Mr. Charlton and Mr. Giffen on vote 2103. Then we will move to vote 2104.

On vote 2103, environmental control program:

Mr. Charlton: I would like to talk for a few minutes about the Stouffville dump. There were a number of questions asked in the past that I do not think have been fully and adequately answered. I guess that is in part because of the nature of question period.

Mr. Kerrio: New evidence has come before the court.

Mr. Charlton: There was an issue raised in the spring about rapidly rising levels of chlorides, sulphates, et cetera, in a number of wells around the Stouffville dump site near the number four area. It has been suggested by some that the rapidly increasing levels of these substances is an indication of something abnormal as opposed to something that would normally happen in that area. The speculation relates it to the dump.

Both my Liberal colleagues and I raised this in the House in the spring. I have looked over the responses in Hansard, and there do not seem to be any full answers to those questions. I talked to some of the people in Stouffville who were involved in the hearings and they did not get any adequate answers either. I am wondering if the minister, either himself or through his staff, could get us a full explanation of what that means.

Hon. Mr. Norton: Mr. Chairman, it is my understanding that staff did testify at the hearings

on that very subject. I have not seen the actual text of what was said.

Mr. Charlton: Neither have I. I just asked the people if they felt the questions had been adequately answered and they said they did not feel they had. I do not know what was said either.

Hon. Mr. Norton: I can call on some of the staff who, I think, are here tonight to address that. It is my understanding in the discussions I have had with staff that what at one point appeared to be an increasing trend of chlorides, sulphates and hardness of the water and so on has levelled off. As a layman, I probably should not attempt to explain what the scientific explanation of that is.

8:10 p.m.

I think it is believed by the staff, and it was said at the hearings, that it is likely an indication of the impact of the proximity of the landfill site. The particular parameters detected at that time as increasing were not toxic materials, but were nevertheless something that ought to be watched. As I understand it, they were within the existing standards for drinking water in each case, although the fact there was a trend was significant. It is perhaps also significant that it appears to have levelled off.

Perhaps I could ask Mr. Giffen if he would like to come forward. He might be able to address some of this a little more specifically than I am in a position to. For the purposes of Hansard, Alex, would you give your full name—not that you are being sworn for testimony—and your position?

Mr. Charlton: Just so we can look up your phone number if we have to phone you.

Mr. Giffen: Alexander Vincent Giffen. I am the senior district officer in the municipal and private abatement section of the central region, Ministry of the Environment.

I would like to follow up on what has been said. As the minister indicated, I personally gave evidence in cross-examination to the Environmental Assessment Board hearing that the monitoring program has shown changes in certain chemical indicator parameters in two wells near the landfill site, the two wells that

would probably be impacted the most from it. There have been increases in the chloride, hardness, alkalinity and sulphate levels.

I also indicated at that time, and I can again tonight, that the levels measured are still well within the provincial drinking water objectives. They are slight increases. The parameters are not health-related. We have been of the opinion that the increases we have measured to date have not impaired the water quality, have not affected its use and have not made it unfit for drinking. We consider the water safe for drinking.

For example, at the time I testified, the chlorides, which are one of the key indicative parameters around a landfill site, in the well closest to the site had increased to around 25 or 27 parts per million. That compares against the provincial drinking water objective of 250 parts per million. We feel that still indicates a good quality water. A similar thing could be said for the sulphate levels we are measuring. They are not significant in the context of our drinking water objectives.

That is the type of evidence we gave this past summer.

Mr. Charlton: I think perhaps the numbers varied, but the reports presented by HBO Engineering Limited show that as well. I think they took that same view. They considered there was a problem because of the increasing levels, but the water was still satisfactory.

When you say the two closest wells, because they are being impacted by their proximity to the dump site, does that indicate these chemicals are coming out of that dump site?

Mr. Giffen: I testified that we think it is reasonable to conclude the changes in the water quality in those wells is due to the landfill site.

Mr. Charlton: Perhaps I can go back to the minister and the minister may want to get his staff back on this. Part of the concern about the Stouffville site, over and above the concern about whether there is any present contamination of local water supplies, is the long-term concern of whether some of the very toxic materials we know are in that dump are going to come out.

Obviously, one of the local concerns is that since this indicates some materials are moving out of the dump site, the possibility of toxics coming out at some point is very real. That is probably the major long-term concern of those people. At what point do we make some decisions to prevent that from happening? What

do we have to do to see that ultimately does not happen and to ensure the water supplies in that area will be safe in the long run?

Hon. Mr. Norton: I am not sure anyone can establish any specific time frame. I think it is important to bear in mind there are regularly monitored wells both on site and on the perimeter of the site. These are not wells for purposes of providing drinking water to any of the citizens. They have the express purpose of monitoring whether migration is taking place. If anything does begin to migrate in the direction of the wells, they provide for an early detection system.

Mr. Charlton: What happens if and when something is detected?

Hon. Mr. Norton: That becomes a matter of immediately notifying people and continuing to monitor any progress very carefully. It may well mean at some point, if that should happen—and we are talking at this stage about a hypothetical situation with respect to harmful substances—providing some alternative supply of water.

Mr. Charlton: As opposed to any efforts to prevent it from happening?

Hon. Mr. Norton: No, I am sorry. You asked me what would we do if it began to migrate. That is another issue if there is any evidence of migration. It seems to me there are still alternatives to be considered in terms of further efforts to secure and contain anything on site.

On the basis of information I have, I do not believe there is anything at this point to indicate that particular action. One might say the jury is still out on that one. I do not know if that is a fair assessment, Alex, from your point of view or not.

Mr. Giffen: Yes, I would agree.

Mr. Charlton: One of the local concerns is that if your staff is right, the chlorides and the sulphates, et cetera, that have been detected are moving out of that dump site. An obvious conclusion on the part of the community is that sooner or later some of the other stuff is going to start moving out. Their preference would be to deal with that now.

Hon. Mr. Norton: May I ask Alex for my own purposes of clarification if it is correct that the levels in recent tests appear to have levelled off, in other words, that the increasing trend appears recently to have leveled off?

Mr. Giffen: Yes. The evidence was given during the recent Environmental Assessment Board hearing that the onsite boundary wells

are showing an actual decline, for example, in chlorides. You can translate that to the offsite wells and come up with an estimate of the maximum concentrations you are likely to see in those offsite wells. Based on the maximum concentrations that occurred within the site and along the boundary, which are now declining, our hydrogeologists estimate the chlorides may go up to the order of 45 to 55 parts per million, remembering again our objective in drinking water is 250.

Our assessment of the complete situation at the site is not based on the water quality in a particular well, but on a very large number of monitoring wells onsite and drinking wells offsite. By looking at the trend over a very long period of time, we were able to project, as in the report you have attempted to do, and try to come up with an indication ahead of time of what changes in water flow might occur. We are seeing a change on site to better water quality along the boundary.

12:20 p.m.

Mr. Charlton: To what do you attribute the decline in the fluorides and sulphates? Is it just that the dump is running out of them?

Mr. Giffen: No. I think it is considered and generally agreed that the impact from the landfill site is the result of wastes that were placed in the site. Prior to 1972, large quantities of liquid industrial wastes were placed in that site. The contaminants that have leached out of the site are being attenuated within the site in the zones above the water table and within the water table zone itself. By that I mean you can get reactions in the soil; you can actually get a straight dilution of the contaminants. The attenuation that is occurring there is being monitored, and we see that in our monitoring. By the time the water moves off site in the area where it is being extracted, we are seeing good water quality in our opinion.

Mr. Charlton: At this point.

Mr. Giffen: That is correct.

Mr. Eaton: Is there a difference in what is going into this site now from what was in there in 1972, a different mix of materials?

Mr. Giffen: Yes. Prior to 1970 the site received large quantities of liquid industrial wastes of many different descriptions.

Mr. Eaton: And none of that would be permitted now?

Mr. Giffen: No. Since 1974 through an order and, more recently under a certificate of approv-

al, the site has been approved to take solid industrial waste, solid commercial waste and domestic waste.

Mr. Charlton: We know at least some of the toxic substances that went into the dump were as a result of tests done by the ministry, et cetera. Is there any estimation of all of the substances that went in there in the 1960s and early 1970s and any estimates of the amounts?

Mr. Giffen: Estimates—I really should call them guesstimates—were presented at the hearing in 1974-1975 and then at the more recent hearing this past spring and summer. Various numbers have been given out, but I think it is admitted by everyone that the quantities are not exactly known. Everybody is saying just simply that millions of gallons of liquid waste went into that site at one time over a period of years prior to 1970. Those wastes are described as acid waste, pickle liquor waste and oil wastes. Those are the general descriptions given to the types of wastes.

Mr. Charlton: What would be your assessment of the long-term potential dangers?

Mr. Kerrio: Wait and see.

Hon. Mr. Norton: I am sure it is very speculative in terms of knowing what long term means. Does it mean thousands of years or 50 years or 20 years?

Mr. Kerrio: This is what gets us into a big problem with the average citizen and the people in the area. Mr. Charlton and I in the Legislature have questioned about the direction in which they were testing. It did not seem you were testing in the direction the aquifer allowed the flow. The people had to bring their own testing people into the picture. They were asking to have the Ames testing done with which the ministry did not seem to be willing to co-operate.

Mr. Minister, unless we co-operate with citizens—in fact, it should not be to just co-operate; I think the ministry should be taking more of an initiative—it will appear that unless the citizens band together and make enough noise through the opposition benches nothing will be done. Let me make this very clear. Maybe you are doing something and people do not know about it. This is why we are examining your record. It appears as though nothing happens unless there is a big public outcry.

Interjection.

Mr. Kerrio: I want to tell you we are talking about testing. We know it has been dumped in

before. What we must know now and the question we have been asking the minister is for more intensive drilling and testing so that we know when this material is moving, where, how much, and to what degree it is going to contaminate wells. I have to tell you that every citizen out there who has a well that had water that was drinkable and usable and not discoloured has every right to hope that it is going to continue that way, or if it is contaminated in any way, your ministry should accept the responsibility.

Mr. Charlton: Twenty-five to 50 years?

Hon. Mr. Norton: Let me just address a couple of the points Mr. Kerrio made. He implied we did not have any idea of the direction of the aquifer. I do not think that is correct. It is true that if you go by some of the hand-sketched diagrams that were in wide circulation, you might think we did not know because they showed the aquifer going in a quite different direction. I think if you talk to knowledgeable hydrogeologists, they would confirm we know the direction of the aquifer.

On the matter of the testing that has been done, I have talked about extensive additional wells. I would ask you if you are aware of how many wells are already in existence for that purpose. I wonder what is the data base from which your questions spring because there has been extensive work done, and not just in response. Maybe what you are suggesting is that when the ministry does take initiatives in certain areas, we ought to publicize more widely what we are doing.

We could talk about the work we have done on the Niagara River, for example. A great deal of work has been done on the Niagara River for which we have not ever, to the best of my knowledge, received a credit except that perhaps we have given ourselves credit for it. But it was not necessarily the type of work that led us to stand up at the top of that tower in Niagara Falls and shout it out. Generally speaking, that is not the kind of ministry we are.

Mr. Wildman: You are so modest.

Hon. Mr. Norton: Of course we are, but once in a while we have to stray a little bit from our tradition of modesty.

Mr. Kerrio: You could do it for nothing by shouting it from those tower tops, but you prefer to have your ads in the newspapers and spend \$80,000 during election time.

Hon. Mr. Norton: You would tell everybody in Niagara to put on earmuffs if I did that.

Mr. Chairman: Should we go back to Mr. Charlton and the 25 to 50 years, I think it was?

Hon. Mr. Norton: I cannot answer that. I do not know whether I am even in a position to comment on that.

Mr. Charlton: Is there a potential danger of those quantities of toxic substances in that dump site moving out in the next 25 to 50 years?

Mr. Giffen: I would say in any landfill site there is always a potential danger. The purpose of our monitoring is to ensure that we know in good time whether or not there is likely to be a problem down the road that could affect people.

Mr. Charlton: That is the next question. When you start to detect the movement of the toxic substances in that dump site, is there a capability to do whatever is necessary in order to save the water table in the surrounding community? That is the question the community has.

Hon. Mr. Norton: Are you asking if there is a technology that can be applied?

Mr. Charlton: Yes, that quickly.

Hon. Mr. Norton: I defer on it, but as a layman with limited knowledge, I would say I know of some that I think could be applied. Perhaps Mr. Griffen would like to answer.

Mr. Giffen: I think if you look at the very intensive monitoring that has been carried on at that landfill site since 1976, basically it has involved sampling the ground water system every three months since 1976 at a very large number of wells, both on the landfill site and off the landfill site. All that monitoring has shown, in my mind conclusively, that natural attenuation is working at that site and will continue to work at that site for the present landfill for the foreseeable future. We have no reason to believe that the natural attenuation of the wastes in that site right now is going to fail. But our monitoring is being done to ensure that as we go along in time, our feelings and our interpretation of the information are correct.

8:30 p.m.

Mr. Charlton: I am not at this point questioning the present information; that is another topic altogether. My question is simply, if and when you detect the toxic substances in that dump are starting to migrate, if you wait until the point when that is actually happening, are you then in a position and does technology exist to save the water in that community? Or at that point will you just be in a position to warn the people not to use the water any more? Once you

protect the movement of the toxic substances, are you then in a position to do something to stop it in a very short period of time?

Mr. Giffen: The site was approved in 1976 as a result of the hearings in 1974 and 1975. The approval was given on the basis that natural attenuation would control the contaminants from the landfill and that there would be a comprehensive monitoring program.

If the monitoring program shows that wells, linking water supplies, are likely to be affected, then a contingency fund is established for the landfill site. That fund is held by the crown, and the Minister of the Environment has the authority at his discretion, without showing fault, to use the fund to provide water to the people who are or might be affected. So there is a fund available for the ministry to take immediate action to ensure that people continue to have safe water.

Mr. Charlton: That is provision of an alternative supply. In effect, what you are telling me is that if and when the toxic substances start to migrate in any significant way, what we can look forward to is the destruction of the water supply in that community.

Hon. Mr. Norton: I am not sure that is the only alternative. What about the use of purge wells, Alex, in that kind of situation if there were migration through the aquifer? Would that be a method of drawing down and attempting to get rid of any contaminant?

Mr. Giffen: The ministry has a contingency plan that was prepared by the site operators' consultants that would provide for the operation of a purge well system on the boundary to contain contaminants, collect and treat those contaminants before discharging. That contingency system is another option, but again if there were risk to the water supplies and it was so determined that a contingency plan should be put in place, we would provide that water until we could control that site.

Hon. Mr. Norton: At least as a precautionary measure in the interim. The point I am trying to make—and again I have to emphasize I am a layman—is that although one might look at an alternative water supply on an interim basis, it does not mean then that if there is significant migration taking place one just stands back and says, "I am sorry, that is all we can do. We will try to obtain alternative water supplies for you."

There are such things as purge wells that can have a significant effect on drawing down contaminants from the aquifer.

Mr. Charlton: Do purge wells cover 100 per cent of the perimeter of the dump?

Hon. Mr. Norton: I presume not any one would.

Mr. Wildman: Where do you pump it to?

Hon. Mr. Norton: I have not designed it yet.

Mr. Charlton: You are going to be the one who designs?

Hon. Mr. Norton: No. You can rest assured I will not be the one who designs it.

Mr. Kerrio: Is the fund that exists limited, or is the ministry going to guarantee citizens in that area that they will get a water supply in the event their wells are contaminated? I also have one further question after I ask you about the contingency fund. Is there any bonding necessary for those companies that pump in this way to provide some kind of security that they can perform the task in the event of a failure?

Hon. Mr. Norton: I cannot answer specifically on the bonding. I do not know what the specific arrangement is in that case. Obviously, no fund I have ever encountered is unlimited, not even the one held by the government that is sometimes perceived as such by the opposition.

Mr. Wildman: Or in the eyes of Suncor.

Hon. Mr. Norton: I think even they recognize that it is not unlimited. If there was a real and immediate threat to water supplies, of course we would see that alternatives were provided, whether or not there were sufficient resources in the fund set up for that purpose.

Mr. Kerrio: That is important, isn't it, if the fund dries up?

Mr. Charlton: What are the experiences with this purge well system? What is the success rate where it has been done elsewhere? Obviously, the technology was developed before the Stouffville situation occurred. What kind of a success experience has there been with this approach to containing leachate?

Mr. Giffen: I have not been involved with the operation of purge well systems personally. The Maple landfill site was approved in the last year and a half on the basis of a purge well system for containing leachate. The purge well system is basically a series of wells constructed much as you would construct a water well.

The difference between a well used in a purge well system, where you are trying to remove

contaminated water from an aquifer rather than clear water, and an ordinary water well is that the maintenance, repair and rehabilitation of the purge well are greatly increased because of the chemicals used. These react on the well screens and cause sedimentation in the aquifer around the well screens, which requires a more comprehensive well rehabilitation program. However, they function basically like a water well.

There is every reason to believe that when there is a well to be financed, as there is at Whitchurch-Stouffville, a purge well system that is installed could be made functional.

Hon. Norton: For example, if there were contaminants in it, one might pump them out and take them for treatment purposes to sites such as the liquid industrial waste treatment facility, which I am sure we will have before any such problem arises, if it ever should arise.

Mr. Chairman: I would like to move along because I think that is in the next vote, and there may be the odd question on it, Mr. Minister; I am not sure.

Mr. Charlton: Do we talk about where we pump it to in the next vote?

Mr. Hodgson: Mr. Minister, that is one of the worries of the Concerned Citizens of Stouffville at the present time. They feel their water is safe. Tests have shown that it is the tenth purest water supply in Ontario, but just like the questions members have been asking tonight, their question is what happens if they have no control over what is going to happen five, 10, 15 or 20 years from now? It would relieve the minds of the Whitchurch-Stouffville people if they were assured of a pure source of water in the future.

Somebody asked if a bond was furnished, and I think that was a condition of the last extensions that were made there. The company that owned the dump deposited a bond with the Ministry of the Environment at that time.

The Metropolitan Toronto water supply for the town of Markham is only about five miles away from the village of Stouffville. I am sure that you, or somebody in government, could assure the people of Stouffville that they would be guaranteed pure water from the same source as the town of Markham, if anything happened to the Stouffville source. I don't think that would be an expensive arrangement.

8:40 p.m.

Hon. Mr. Norton: If such an eventuality occurred, and regardless of whether the funds were recoverable from an operator in all or in

part, obviously we would have a responsibility to ensure a safe water supply for the people of Stouffville. Aside from that, we also have a very real interest in preventing contamination of the aquifer.

A lot of our monitoring is to provide for an early warning or early detection or however you want to describe it. If there are even the beginnings of migration of substances that could be harmful, there are actions we can take even if it should become necessary in the interim to provide an alternative to the people in the immediate area, to prevent the serious contamination of the aquifer. Aside from the question of human health, which we could take care of in other ways, we do not want to see the contamination of ground water.

Mr. Charlton: I would appreciate it if at some point you could provide me with whatever data your ministry has on the success rate in the use of purge well systems in situations where they have actually had to be used to prevent migration. If those data exist, I would appreciate getting whatever you have.

Finally, if all the contingencies fail and the toxics in that dump site get into the aquifer and start moving through the water table, if you are in a position to provide an alternative source to people in Stouffville, where does that stuff end up eventually?

Hon. Mr. Norton: Do you mean the contaminants?

Mr. Charlton: If the toxics get out of the dump and start migrating, you can provide an alternative water supply in Stouffville. But the migration is not going to stop somewhere just outside of the town of Stouffville. Water table have a habit of moving some considerable distance.

Hon. Mr. Norton: It probably would not move in the direction of Stouffville. I don't know if anybody can answer that.

Mr. Charlton: Does it end up in Lake Simcoe or in Lake Ontario?

Hon. Mr. Norton: I am told it won't be going into Lake Simcoe. I suppose your next question might be, if the Russians drop an atomic bomb on the site, where would things end up then?

Mr. Kerrio: Excuse me, but which way would it flow? Westerly?

Hon. Mr. Norton: Southwesterly. Perhaps Mr. Don Jeffs would like to comment on that.

Mr. Jeffs: I am Don Jeffs, director of the water resources branch. A number of years ago I was

involved in looking at the water supply in the Markham township area and evaluating where municipal wells might be drilled. We did an extensive survey.

The ground water flows towards the south, and a considerable portion of it discharges into the small streams in the area, but as it moves through the soil materials, many contaminants are absorbed by the soil particles. A prediction of what would happen to the small quantities which you expect would be moving is very difficult. If they did get through the soil particles to the aquifer, they would move into surface streams ultimately.

Mr. Charlton: Where?

Mr. Jeffs: They would flow south to Lake Ontario in small quantities.

Mr. Kerrio: Then I have a question for you, Mr. Minister. What are you going to do for the people of Stouffville so that they do not feel they have to do their own testing? When are you going to have some kind of very open involvement for the future from this day forward? Instead of these people banding together and paying for private testing, can we not do something about that?

Hon. Mr. Norton: About a week ago some of the residents of the Whitchurch-Stouffville area advised us of the most recent test they had had done. They were very co-operative in sharing the information with us. We have had two meetings with the citizens up to this point, and I believe we have now worked out a protocol for testing, of which they are supportive, and which will be conducted over the next several weeks. It may be a little longer than that before the results are received.

To the best of my knowledge, the citizens are supportive of that approach, and the cost of those tests will be borne entirely by the ministry. I do not know if that was what you were referring to or not.

Mr. Kerrio: You said you would also test individual wells. If they request it, could they have their wells tested individually?

Hon. Mr. Norton: We have been testing a lot of the wells in the area. What are you referring to?

Mr. Kerrio: If a concerned citizen in the area were to come to you now, what would happen?

Hon. Mr. Norton: In so far as the series of tests that are about to get under way are

concerned, it has been agreed that it would involve six wells. That was agreed in discussions with the citizens, I understand.

Mr. Kerrio: So they have been party to the choice.

Hon. Mr. Norton: Absolutely. Six wells will be tested. At least three samples will be taken from each. The three samples from each well will be tested in three different laboratories, one in the ministry laboratory, one by Dr. Cummins at the University of Western Ontario and the third, if I am not mistaken, is at the Ontario Research Foundation. I believe they have agreed to do the third series of tests.

I believe there is an effort under way to make sure that the laboratories work out in advance the techniques that will be used so that the results can be compared on the basis of the same techniques having been used. That has been done in full consultation with the citizens and with their input.

Mr. Kerrio: The member has not made a request that you reimburse the citizens for the money they have spent for testing, has he?

Mr. Charlton: Have you consulted with the citizens about the six wells you are going to test?

Hon. Mr. Norton: Yes.

Mr. Charlton: Did they feel that was an adequate number?

Hon. Mr. Norton: This is in addition to our regular testing program.

Mr. Charlton: I understand that. Were they satisfied as well with the number of test areas you picked?

Hon. Mr. Norton: I believe so. I was not personally involved in the meeting, but that is my understanding. Because of time and other factors and because there are going to be at least three different laboratories involved, there is some limit to the number one can do in a series like this. But the citizens were involved and I understand they have agreed to the selection of wells.

Mr. Charlton: Their last set of test results is not in yet, is it?

Hon. Mr. Norton: No. I understand they have some further tests and are awaiting the results.

Mr. Hodgson: Mr. Minister, would you consider in the case of this last test with Dr. Cummins reimbursing those concerned citizens for their out-of-pocket money to pay for that test?

Hon. Mr. Norton: Come and see us.

8:50 p.m.

Mr. Hodgson: Would the minister reimburse those concerned citizens who are out of pocket money to get that test done?

Mr. Kerrio: Hear, hear. I would amend that and say pay them back for all the tests that have been done.

Mr. Hodgson: No, you cannot repay them for all of it.

Hon. Mr. Norton: I am willing to take that into consideration.

Mr. Hodgson: I can leave this meeting tonight and guarantee the people of Whitechurch-Stouffville that if leachate coming from the dump is injurious to the health of that community there will be an alternative water supply in the area?

Hon. Mr. Norton: If there were any sound evidence of a threat to their water supply from the dump site, obviously we would provide them with an alternative supply.

Mr. G. I. Miller: I will be brief because I know my colleague would like to have a few minutes. It is a little different field; it is in regard to sewage disposal systems within the province. I believe the minister has input into designing those. Is that not true?

Hon. Mr. Norton: In designing which? I am sorry.

Mr. G. I. Miller: Disposal systems—ground disposal systems for the average rural home.

Hon. Mr. Norton: A septic system?

Mr. G. I. Miller: Yes.

Hon. Mr. Norton: The minister does not design them but—

Mr. G. I. Miller: No, I did not expect you did.

Hon. Mr. Norton: The inspection of the systems, is that what you are referring to? Inspecting them as they are being installed?

Mr. G. I. Miller: No, it is the design I am concerned about.

I might just state a little further that we have had considerable concerns about the cost in my area of Haldimand. They have to put in a raised bed. It can run up as high as \$5,000 for a class six bed.

Because of the high cost of construction and the state of the economy, they are concerned that they have to go to that expense. They feel that something in between would do the same job and be in a price range that would be more acceptable.

I believe it is being reviewed now. I know the

health department gives the final approval. One case was appealed this past year; it went in favour of the applicant and the health department challenged the decision.

Again, do you have any influence on the design and would you take a look at the matter?

Hon. Mr. Norton: I do not know of any involvement we have with the specific design. It is true that in many instances the health units are, in effect, acting as our agents. We have an agreement with many of the health units across the province providing for the inspection of the installations in order to ensure that, given the conditions in the area, the system is going to be an appropriate one. The actual design in most instances, aside from the standard parts of the system, would be determined by the contractor, who is experienced in providing that service.

It is true the cost varies very dramatically from one part of the province to the other. In fact, only last week I met with representatives from one community in this province where to install the kind of system they wanted would have cost \$30,000 per household. I tried to encourage them to look at alternatives.

Mr. G. I. Miller: I would expect so.

Hon. Mr. Norton: I did not try to design it for them, but I tried to suggest alternatives.

Mr. G. I. Miller: Do you not have a committee within your ministry that makes recommendations on the design?

Hon. Mr. Norton: I do not think we do on the specific design. We establish standards and guidelines—but that is not the same thing as design—which would then be followed by the contractor in designing the specific system for that particular site.

Mr. G. I. Miller: I think that is all for the present.

Mr. Eakins: Regarding the design, do you have any comments in regard to any drastic changes in cottage country, where there has been quite a change taking place through the health unit and inspections? I am just wondering if you have any general comment on what is happening in cottage country.

Are you satisfied? Is it coming along fast enough to look after the lakes?

Hon. Mr. Norton: I can only speak again as a layman. If you want some more specific information, I can call on some staff.

Part of what I am going to say is anecdotal, but from what I hear, not only from within the province but from outside, the standards which

we are employing in Ontario as they relate to recreational properties or cottage country are really very high.

It does not mean there may not be areas where there are some systems that ought to be improved. It is constantly happening. If you happen to own a cottage you might get a letter from us one of these days. I have sent them out—

Mr. Eakins: You mean you have sent me one?

Hon. Mr. Norton: No, I have not sent you one—not yet, that I can remember, John.

I can remember recently, when I was having some meetings with the Minister of the Environment from Manitoba and the mayor and some of the members of the council from the city of Winnipeg, because it was related to concerns they had about a development in the same watershed as Shoal Lake, which happens to be on the border between Ontario and Manitoba. It happens also to be the lake from which Winnipeg has for many years drawn its water supply.

The lake is almost entirely within Ontario. There is a small portion of it in Manitoba. For many years they have had a pure water supply which requires no filtration or treatment, other than the addition of a small amount of chlorine, so obviously they have quite an interest in maintaining the water quality in that lake. The development question was on another lake, which ultimately flowed into Shoal Lake.

They were expressing concern about cottage developments on that lake as well, but as it turned out almost every member of the city council in Winnipeg had a cottage in Ontario on one of the lakes in the same watershed. They hastened to say they had great respect for the efforts that had been made in Ontario in enforcing very high standards related to septic systems and sewage containment systems within the province. They claimed to know of no other jurisdiction that was doing as well.

That was coming from outside the province, from a group of people who had a very real interest in maintaining the water quality in this province.

Mr. Wildman: Was that before or after the provincial election?

Hon. Mr. Norton: That happened to be before. I have not met the new Minister of the Environment from Manitoba but I would hope he has the same degree of objectivity as the last.

Mr. Wildman: I am sure he has.

Mr. Chairman: You are just releasing that now, though, Mr. Minister?

Mr. Eakins: I think you would agree then there is no great problem with the people who live around the lakes, providing each system is doing its job.

Hon. Mr. Norton: That is correct.

Mr. Eakins: I think you will agree there has been a great improvement over the years, especially in the last four or five years. If there is a problem it is reported and it is remedied and I think the health units generally, as I know in the Kawartha area in particular, are doing a very good job.

Hon. Mr. Norton: Yes. We get situations reported on a fairly regular basis and sometimes the individuals against whom the report is made are not very happy about it. They may feel, for example, they are doing a fine job, except they have not taken into consideration that their grey water is running directly into the lake and they cannot understand why that is a problem.

The reports come from various sources. In some cases they are detected by our staff or others; in some instances they may be neighbours who also have an interest in maintaining the water quality who advise us of a problem they perceive.

Mr. Chairman: I think maybe we ought to have some direction from the committee. I think Mr. Wildman and Mr. McGuigan both wish to ask questions of the minister on vote 2103. I will leave it perhaps to Vince and Brian. If you agree, we might carry on.

Mr. McGuigan: Mr. Minister, my—

Mr. Chairman: No, you are not next, Mr. McGuigan, and I am not sure you are even getting on, so—

Mr. Kerrio: Two questions?

Mr. Chairman: Yes, those are the only other two I have, and I think I need your concurrence because we really were to wrap it up at the last meeting. Are you agreeable to that?

Mr. Kerrio: We agree the two gentlemen could split it.

Mr. Chairman: Well, if you are agreeable, we will go ahead. If you are not, we will not. Mr. Wildman.

9 p.m.

Mr. Wildman: I have some parochial questions. Coming from the north, I do not apologize for that. I do not think we are as parochial as the people from Metro generally.

Hon. Mr. Norton: We do not have a Metro member on the committee, so there is no one to take issue with.

Mr. Wildman: No, I am glad of that.

I have two general questions. One is on the alternative systems program. Could you tell me how much money has been budgeted for that program, how many projects you now have on stream and how many are projected for the next fiscal year?

Hon. Mr. Norton: I would have to check that. It may take a moment.

It is \$3.9 million for this fiscal year and there are about 50 projects. We do not have a current projection for next year.

Mr. Wildman: Okay. Specifically, in regard to that, as the minister is probably aware I have had extensive correspondence and many meetings with the members of his staff, right up to and including the former deputy minister, concerning a particular project under that program in the township of Macdonald, Meredith and Aberdeen Additional, Echo Bay, in my riding.

Hon. Mr. Norton: I must confess I am not intimately familiar with it.

Mr. Wildman: I have had correspondence with the minister. I know he reads his mail assiduously—

Hon. Mr. Norton: I do, but that does not always mean I know all about the background of a project.

Mr. Wildman: There have been significant problems with that and I know the problem of time so I will not go into it at length. It appears, through whatever decision-making process, a number of people who had private wells previous to the program being initiated in the community of Echo Bay, whose water was adversely affected, either in terms of volume or quality or both, had their wells replaced at 100 per cent cost to the program.

There were others who had the same experience, unfortunately, for whom the ministry has offered to carry out remedial works on the 75-25 per cent shared cost basis that is normal under the program. While I really hope the minister now can tell me what is happening in resolving the problem specifically in the Maple Drive area in that community, could he also explain why one group of people who have been hurt by a very worthwhile program—and I want to emphasize that a very small minority of people have been hurt by this important program to assist

them in providing good water for the majority of the community—are treated differently from one other group and how that can be justified?

Hon. Mr. Norton: I am just refreshing my memory here a bit, because when you mentioned the specifics—

Mr. Wildman: I knew the minister would know. I am sure he is on top of everything that happens in his ministry.

Hon. Mr. Norton: In responding to the specifics, I wonder if I might call upon Mr. McIntyre, if he is here.

Mr. McIntyre: I am Herb McIntyre, director of the northeastern region of the Ministry of the Environment, and just joining me at the table is Phil Joseph, who has been present at some of those meetings in Toronto, Mr. Minister.

If I may, I think I will refer this one to Phil, because I was not present at the meeting where the matter was discussed. But if before that I can talk in general, I know Mr. Wildman is aware that we did not engage the drilling contractor. You are aware that the municipality engaged the drilling contractor?

Mr. Wildman: Oh, let us not get into that argument. I know all of that.

Mr. McIntyre: I think you are also aware that the low-cost alternative programs are intended to be as an assistance to the municipality and they are not intended to be run by the ministry.

Mr. Wildman: I am fully aware of that. I am also aware that many small municipalities do not have any municipal engineers and they are dependent on the engineering advice of the ministry.

Hon. Mr. Norton: Have you explored whether they have any recourse against those who were retained?

Mr. Wildman: That is another question.

Mr. Joseph: A number of wells have been driven under this program. It is probably the biggest project where we have gone into the directive of improving private water supplies as such. We must have done about 100 wells so far under that program.

Mr. Wildman: A very important and worthwhile program.

Mr. Joseph: We may very well do more. There are some problems with individual wells. As the well driller proceeded through the area, some wells adjacent to new wells that were being dug dried up. Some of these were temporary, but we did look into it, and some were of a more permanent character.

In this situation where it could be said that, because of the ministry's activities or programs, conditions deteriorated beyond the situation existent before the program, we said these people could have their systems replaced at 100 per cent cost, which we felt was only fair. If the program had not been there in the first place, they would have had a reasonable supply from the well, although perhaps not to the standard of the well they have now.

So we shift to Maple Drive, the area where there have been problems. About six people are affected here. The problems are not so much with the existing well supplies, but with pollution getting into the existing wells. Our ministry had done nothing regarding pollution. We have not had a program dealing either with clearing up pollution in Echo Bay, at this point at any rate, neither have we produced any sewage or any wastes that would give rise to this pollution. None the less, these wells were being polluted.

We could not honestly say how they were being polluted, but we wanted to find out. Mr. Wildman has mentioned the meeting with the past deputy minister; Graham Scott was at this meeting with—

Mr. Wildman: A most affable fellow.

Mr. Joseph: Oh, absolutely. We all laughed. As would all the northern MPPs. However, the decisions made at this meeting confirmed the fact that we would concrete or grout up one of the wells which was giving the biggest problem, the Mick well, which is subsequently being grouted, and the Mick well appears okay, or did up to the beginning of this week. None the less, there were other wells in the vicinity which may have had pollution discharged into them and these are being very carefully watched.

I could not directly say the problem has been absolutely cleared up in Maple Drive, but we do believe it was raw sewage getting to these half a dozen or so wells and that it was coming either from the septic sewage system itself, or some other sewage systems in the locality.

Mr. Wildman: Mr. Chairman, as I said, I do not want to prolong this, but, with respect, Mr. Joseph has not told me anything I did not know already and I am sure the rest of the committee does not particularly care about the information he has given us. My question specifically was in two parts.

10 p.m.

The first was, what progress are you making? He has responded to that. I do not think it would be fair to ask him to respond to the second

question, which was, why are these individuals whose wells have been adversely affected since the drilling began being treated differently from those other individuals in the community whose wells also were adversely affected and who received the cost at 100 per cent, covered by the program for the new wells that needed to be drilled?

Hon. Mr. Norton: If I understood Mr. Joseph correctly, we are working with people in attempting to clear up the problem that has caused the contamination of their well water.

Mr. Wildman: That is good.

Hon. Mr. Norton: Are you suggesting there should be alternative wells drilled as a replacement for the polluted ones?

Mr. Wildman: One of the things that may have to be done is that you may indeed have to drill new wells, or as part of the other aspect of this program, there may have to be new septic systems installed, whatever. But as to the wells themselves, they may have to drill new wells for these people. What has been offered by the ministry, as I understand it, is the standard 75-25 per cent split under the program, whereas the other people got 100 per cent for new wells that they required.

Mr. Joseph: That is just partially true, Mr. Minister. In this particular area we have offered to pay 100 per cent of the cost to keep out sewage. Basically that is for the grouting of the wells. This has been done already with one of the wells; we did pay 100 per cent of that cost of grouting. But the cost of deepening the well would be split in the normal way, as you say, Mr. Wildman, 75-25, because this is what is applied throughout the municipality.

Mr. Wildman: Except for those other individuals whose wells were adversely affected.

Mr. Joseph: Adversely affected by our operations. We did not create the sewage. We did not put the sewage there; the sewage already existed.

Mr. Wildman: Except that it was not affecting the wells until the drilling program began.

Mr. Joseph: That is debatable. There is not enough evidence really on the record to say what was the actual state of those wells before we started the program.

Mr. Wildman: You do not have any evidence, neither do I.

Mr. Joseph: No.

Mr. Wildman: Why determine that the wells

of the individuals—to put it in legalistic parlance—were guilty rather than assuming they were innocent?

Hon. Mr. Norton: No. I do not think that is even the issue, for goodness sake. Are you suggesting that somehow the drilling created the sewage?

Mr. Wildman: It was after the drilling program began and the well Mr. Joseph referred to was drilled that the pollution was detected. It was not detected prior to that in the wells which already existed in the area. Those people whose wells have been contaminated may indeed have to carry out further drilling in order to ensure they have pure water, or better water. Their argument, and I think a justifiable argument, is that they did not have the problem prior to the drilling. The problem has been detected since the drilling began. Other people who incurred problems once the drilling was begun on their neighbours' properties had got 100 per cent; why should they pay 25 per cent?

Hon. Mr. Norton: Are there records of tests that have been done on any kind of regular basis prior to the drilling that would indicate some support for what you have said?

Mr. Wildman: In most cases not, and in some cases yes. What do you mean by regular? I am not sure.

Hon. Mr. Norton: Let me just say is there any record of testing?

Mr. Wildman: There was some testing prior to it, yes.

Hon. Mr. Norton: How close to the time of the drilling?

Mr. Wildman: At this time I am not aware of that.

Hon. Mr. Norton: It seems to me that would be relevant. In the absence of any such evidence, it seems to me that what is being proposed—in terms of our at least absorbing 75 per cent of the cost if it is necessary, or say 100 per cent of the cost of grouting, if necessary, to contain the pollution problem—seems to be reasonable.

Mr. Wildman: It is 100 per cent of grouting a well that was drilled under the program.

Hon. Mr. Norton: No. I was not talking about wells drilled under the program. I was talking about the cost of grouting in order to contain the infusion of the contamination into the well;

we are paying 100 per cent of that. Now surely, you cannot quarrel with that cost-sharing arrangement.

Mr. Wildman: No, none whatever. I am just saying let us treat everyone in the same way.

Hon. Mr. Norton: If deepening of the well is necessary, we pay 75 per cent. That seems reasonable.

Mr. Wildman: Mr. Chairman, I will not prolong this. I will just say that I wish the minister would look at this very carefully and get the information from his staff.

In some of the other cases where the volume of water was affected, completely new wells were built at 100 per cent of the cost; and in some cases deepening of wells was done at 100 per cent. If that can be done with those people, I fail to see the justification of saying that if deepening is required in this particular case, those people should be responsible for 25 per cent of the cost. I would like the minister to review the situation.

Hon. Mr. Norton: All right. I will review it, but I think there is a difference between the two; nevertheless, I will review it.

Mr. Wildman: I fail to see the difference.

I have one other question. Can the minister tell me the status of the application by the township of White River for funding for the extension of the municipal system? Could he also explain the reason why as a result of the ministry's calculations the additional funding which will be required, over and above the normal cost from the Ministry of the Environment, has escalated from \$777,000 to \$782,000 under the Great Lakes water quality agreement with the federal government?

I understand the federal government had allocated \$1.5 million for the sewer project and it seems that under MOE's calculations the municipality is only eligible to receive \$455,000. It looks as if instead of lowering the residual funding required, it is actually increased after MOE's figuring.

Hon. Mr. Norton: To be perfectly honest with you, I would have to answer your question, no, I do not know the precise status of that, but probably Mr. Joseph does.

Mr. Wildman: I am sure he does.

Mr. Joseph: Yes. There was a previous estimate on this project, but it was changed. It was changed because of escalation in prices, but not only because of that. The scale of the project was changed to what was hoped to be

more in accordance with the ability of that municipality to support the residual capital, even after our maximum subsidies apply. The slight difference in the \$777,000 and \$781,000 is due to upgrading the kinds of information that go into the financial analysis.

It is true that under the Great Lakes grant there is now \$455,000 that comes off the gross costs of that project. This leaves the residuals, as you have said, around the \$750,000 mark.

As time goes on, we are able to get more and more sophisticated estimates of the project cost—as the design gets more detailed, as we get more into the question of knowing at that particular stage what the percentage of interest is likely to be. As we all know, this has varied greatly and this does make quite a significant difference to the relatively small-scale projects. This does change the balance of the residual amount the municipality has.

Mr. Wildman: Was the municipality incorrect in understanding that when the federal government made the announcement of \$1.5 million for the sewer project, that would lower the residual amount rather than what is now found to be the case? Were they incorrect in understanding that?

Mr. Joseph: If they were told, as we were, by the federal MPs, that they were going to get that money in their hands, so to speak, that was really incorrect. The money is allocated to the project.

This does, of course, help the project in its general financing, but our overall provincial policy is to say to any municipality that you have to pay a certain amount of money per lot and this is to provide a sewage service. At the moment, this money is \$1,500 per lot and it has been applied to White River. This is the base amount they pay, whatever the system of grants that come into their project requires.

9:20 p.m.

Mr. Wildman: What happens to the rest of the \$1.5 million allocated by the federal government?

Mr. Joseph: This money can be applied in the general Great Lakes program agreed to by the two levels of government. When the costs are incurred, when construction has started, the province can make application for this money to the federal government. It can be put into that program, which helps all projects across Ontario.

Mr. Wildman: But not necessarily specifically for White River?

Mr. Joseph: Not necessarily specifically, that is correct. It depends upon the base level of finances there are relative to that project.

Mr. Wildman: This is one of the few times I have found the federal member to be incorrect. Thank you.

Mr. Chairman: Mr. Wildman's five minutes are up, so we will go to Mr. McGuigan's five minutes.

Mr. McGuigan: Thank you very much, Mr. Chairman. The minister probably knows I am going to talk about Harwich township. I could talk about it all night long, but in the interests of time I will just bring up three topics. One is the amount of money the township of Harwich has expended in fighting the illegal actions of the ministry.

I say "illegal" quite advisedly, because it was ruled by the divisional court on October 28, 1981, that the landfill site was not licensed to take liquid industrial wastes. Yet over a period of years it took something in excess of five million gallons, which was strictly illegal. I note the court awarded costs to Harwich township.

It seems to me the citizens of Harwich should be awarded the costs they have expended in bringing this to the court; a matter of \$300,000 in total. Some of those costs may not be specifically related to this action, so perhaps that figure is a little high. But, in all, they have spent \$300,000 since the beginning of their fight in 1979 and which is not over yet.

In addition to that, the public group that raised money by public subscription has spent something in excess of \$25,000. I think they have spent \$3,000 now they do not even have funds to cover, so it is somewhere around \$28,000.

Just using some quick figures here, there are about 100,000 acres in the township. It comes out to \$3 an acre, so a farmer with 100 acres spends \$300 to protect himself and fight against his own government; a government to which he is already paying taxes, presumably to protect him rather than to do damages to him.

So my question to you is, would you recognize your obligation in this? I realize it was not this minister; previous ministers were responsible for it. Would you recognize your obligation and make some offer to pay these people back for the money they have spent quite legitimately, as has been determined by the court?

Hon. Mr. Norton: I recently received a letter from the township of Harwich raising this very question. In the body of the letter they sug-

gested since the province had now changed its policy on funding groups of private citizens in matters such as this, they wondered if we were prepared to do it in that case. I do not know where they came to the conclusion there was any change in policy.

Mr. McGuigan: You did not change it. The gentleman sitting back here changed it.

Hon. Mr. Norton: In that instance you are correct. That, in effect, was not a change in policy for the government. What has been proposed and was going forward was the suggestion the proponent, the Ontario Waste Management Corporation, would make funding available through the hearing panel. It in turn would entertain requests from groups proposing to appear at a hearing before the panel for some funding assistance.

That is somewhat different from what had been done in the past, although the Environmental Assessment Board does at present have the authority, at the instance of individuals or groups who may be appearing before it, to provide funding, or call expert witnesses who might then come at the board's expense to give testimony in the course of the hearing.

There is no change in policy contemplated that would provide for any sort of general funding for such groups. I think if any policy change were to be contemplated it would have to be broader than simply participants before the Environmental Assessment Board. We also have many examples of hearings before the Ontario Municipal Board and various other boards that would require the expenditure of funds on the part of some of the participants. So any consideration would have to be a policy consideration much broader than simply the instance of the Environmental Assessment Board.

Mr. McGuigan: Mr. Minister, I have been through that fight myself and that is a policy area. I realize the township has a perfect right to follow that route, but I do not want to interfere with that argument. What we are talking about here is a case where the courts have said the liquids were going in there illegally. You must admit that certainly BFI Industries felt they were acting legally because your ministry had issued certificates, and the court has said those certificates were not valid.

Really, I think that is a different matter than the question of funding people who are appearing before the Environmental Assessment Board. The court has clearly said the ministry's action was wrong and they awarded the costs of this

case in favour of the township. It seems to me the same principle applies to a good many of the costs the township took in investigating and proving this case.

I am really talking about a separate decision from that policy decision you are talking about.

Hon. Mr. Norton: It was not only BFI that was under the impression the certificate was valid and that what was being received there was being received legally. I think that was an opinion held by the ministry and by at least some lawyers who were consulted on the matter or there obviously would not have been a case to be arbitrated by the court.

Going back to the inception of the site, I understand it was receiving that kind of waste even before the changes in the early 1970s. I think the municipality was aware it was receiving that kind of waste. Presumably at that time the municipality received it as well. So I think one can make a legitimate argument that, until such time as the court made its finding, the certificate was valid.

9:30 p.m.

Mr. McGuigan: There was no application made to have liquid waste go in there. To say that because Harwich township knew it was going in that somehow made it legal, to say that because Harwich township people knew that wastes were going in there, there was acquiescence—

Hon. Mr. Norton: No, I did not say that.

Mr. McGuigan: —that does not make it legal. I know it is a fuzzy area through that time, but finally the court has said it was illegal. The definitive answer has been given. There are no ifs, ands or buts, or a partial this way or a partial that way. They have said it is illegal. It seems to me, in spite of whatever bad decisions were made in the past, that puts the full responsibility on the shoulders of the government.

Hon. Mr. Norton: I am sorry, I cannot agree with that interpretation.

Mr. McGuigan: I want an answer to that question. Really, if they are to have any recourse, they would have to go after the government in a legal suit. I presume that is what flows from that.

Hon. Mr. Norton: Sorry?

Mr. McGuigan: If Harwich township decides to carry the matter further, they would have to seek leave to sue the province.

Hon. Mr. Norton: That, I presume, would be one option open to them; to seek legal advice on that.

Mr. McGuigan: Just as a matter of interest, Alberta, being a very rich province, does give funds to interveners.

Mr. Charlton: If he has not noticed, the minister has just made a very good case about why there should be a very thorough review of the legal opinions you have on federal legislation versus provincial legislation.

Hon. Mr. Norton: At least in that instance there seems to be a uniformity that was not necessarily always there in all matters.

Mr. Charlton: There are some legal opinions that—

Hon. Mr. Norton: You have not revealed the source of your legal opinion yet. You told me it was not Jim Renwick, but you have not told me who it was.

Mr. Charlton: Would you like a written opinion as well?

Mr. Chairman: We aired that the other day.

Mr. McGuigan: During the hearings of the Environmental Assessment Board this summer, one of the consultants—and admittedly this was a consultant hired by a competitor so they may have leaned as far as they could in one way—pointed out there is leachate now flowing out of this dump. I should perhaps go back a bit and explain how the thing is formed.

First of all, they dig a hole in the ground 30 feet deep or so; they pour in three or four feet of liquids; they then dump solid waste in, most of which is paper, and the paper soaks up the wastes. When that appears to be soaked up, they pour in more liquid and this proceeds to ground level. Then they go above ground a matter of 30 feet or so, following the same procedure.

So now we have a mound about 30 feet above ground saturated with liquids. The hole in the ground is saturated, the mound above the ground is saturated and, of course, the waste is flowing out the sides. Wherever it erupts, they contain it by running over it with a bulldozer and pushing some more clay on it.

The fact is it is in there, natural gravity is doing it out, and they have recommended a drain be put all around the perimeter. They call it a toe drain. It is going to take some two years to design it, engineer it and put it into place. This will collect the leachate.

The one consultant said this leachate is going to be coming out for the next 100 years. They can expect it because a small amount of rainfall enters the dump each year. They could put a layer of clay on top of it but that does not stop all the water from going in.

They estimate it will cost \$36 million to haul that stuff away and treat it, in spite of the fact there is no present way of treating it. We have a mixture of organics and metals and, while they can treat either one of these separately, there is apparently no known way of treating the two together. That is a kind of aside. Presumably at some time in the future we will find a way of treating them.

My question is, who assumes the cost of doing that? Can the present operator, BFI, be held responsible, or if they go broke is that a cost to the local people? Are they going to have to assume that cost, even if it is less than \$36 million?

Hon. Mr. Norton: Where do those figures come from?

Mr. McGuigan: They came from a consultant who was hired by a competing waste handler. They were opposing the application because it was taking some of their business away. A St. Thomas firm was opposing BFI and the expansion of their plant. I do not vouch for those figures, however those were the figures that were given.

Certainly for years and years to come there will be a problem with leachate coming out of the dump and whether it is \$1 million or \$36 million, someone has to assume the cost of containing it. You have mentioned this business of setting up a perpetual care fund and I would assume that takes care of events from that moment on. Part of the question is, would your perpetual care fund take care of problems that are already in position?

Hon. Mr. Norton: Those specifics of the perpetual care fund proposal have not yet been worked out. Are you familiar with any of the figures he has mentioned, Doug?

Mr. McTavish: I am Doug McTavish from southwestern Ontario region. I am hardly familiar with it; the number that was given, \$36 million, was I believe calculated by the lawyer for the proponent. He used inflation in his numbers and he used an inferred interest rate and I do not think he was really that serious in his conclusion that the present value worked over a 50-year period would be \$36 million.

Mr. Kerrio: Spit out a number. Let us not go with that one. Give us one.

Hon. Mr. Norton: He is not a lawyer. Do not ask him to do that.

Interjections.

Mr. Kerrio: My friend here said, "Even if it was \$1 million." Say it is inflated at \$35 million; be realistic, cut it in half.

Hon. Mr. Norton: Perhaps we could let Mr. McTavish carry on with what he was saying without asking him to engage in those kinds of exaggerated speculations that lawyers sometimes do when they are trying to win a point.

Mr. Kerrio: Be careful because you might have to go back to the bar. Don't get your fellow lawyers angry with you.

Hon. Mr. Norton: I might, but then you should be asking me to do the speculation so I do not lose my skills.

Mr. Kerrio: I keep my options open.

Mr. McTavish: What I am saying is it is a hypothetical number based on the very worst case he could imagine in volume of wastes, the fact that the waste would have to be hauled away rather than treating it there, or that attenuation would have affected the leachate so that it would not require further treatment. It was quite an hypothetical number and I think that lawyer would admit it as well.

Mr. McGuigan: What if it is only one dollar, who is going to pay it?

Mr. McTavish: There are two things that can occur, I guess, Mr. McGuigan. One, under the present system we would be after the owner of the property for payment. We have some examples of that now where on land that had been used as a landfill site there are some problems that need to be remedied. The owner of the land is the one we would have to go after.

In the future, with respect to the Harwich one, it is still in the stage of the hearing board assessing its review of the hearing that was held, but it is quite probable there will be some financial involvement in protecting the future associated with the study for approval that would go on at each site. I do not know that at this time, but I know it was one of the considerations put before the board.

Mr. McGuigan: That is a partial answer. I would still like to ask the minister, in the worst case or as the last resort, who is responsible? What if BFI Industries declares bankruptcy, they pull out of Canada and go to the United States, who is the person of last resort who will pick up the tab?

Hon. Mr. Norton: In a sense there are precedents for that. There is at least one that comes to mind immediately where a company was faced with that situation. It was not a waste

disposal site, but it was a site that was causing contamination and, in the last resort, if there are no resources available from the owners or the operators or whoever has been involved, then ultimately what has happened is the Ontario government has assumed the responsibility for seeing the necessary action was taken and pursues whatever avenues of recourse there are against the former owners and operators.

9:40 p.m.

In the absence of a perpetual care fund, that would presumably continue to be the situation. We are obviously not going to sit back and do nothing simply because the company has gone bankrupt, if that should happen.

Mr. McGuigan: That is the answer I wanted to hear

While we have Mr. McTavish here, I am kind of interested in the fact that he made a statement some time ago and I will just read it here.

Hon. Mr. Norton: Be fair to Mr. McTavish now. You can try to trip me up on things I have said.

Mr. Kerrio: We know the master-servant relationship. We will use that to advantage.

Hon. Mr. Norton: Well, use it on me.

Mr. McGuigan: He said: "The statements contained in the supporting information are not legally binding on the applicant. Where no environmental problem arises from the deviation from the statement, the ministry has no reason to enforce strict adherence with the statement."

Can you really say today you still believe that is true, Mr. McTavish?

Mr. McTavish: Those statements were made with reference to the supporting information provided by BFI back in 1972, I believe it was. On that sheet they indicated a number of things, one of them being the distance to the nearest well, the nearest house, the type of machinery they had, how many bulldozers, how much waste they received. The question was that since it appeared that the nearest house and the nearest well were closer than the distances they showed, their certificate of approval must be invalid.

We reviewed this with our legal people and if the supporting document was read literally, then if they changed one bulldozer, or if they did not take the exact 8,000 tons of garbage they indicated they would, then you would have to interpret them as being in violation. Our posi-

on was that whether the nearest well was 1,000 feet distant or 500 feet distant, if it happened to be 1,000 feet away and agreed with their certificate and that well was polluted we would still, as a possible approach, revoke their licence, issue a control order, or deal with the environmental problem that was created.

I gave that answer in that context: that the statement was made that the nearest house was 1,000 feet away or something while it was a lot closer than that, but it could not have been intended to mislead us because it is so obvious.

Mr. McGuigan: I think the act is meant to protect the environment and whether you have two or three bulldozers on the site or whether a house is 900 feet away as compared to 1,000 I think is irrelevant. The fact is you are saying unless someone squawks about it or unless a real engineer presents itself the act does not have to be enforced. I accept that lawyers may have advised you that way—

Mr. McTavish: I was not referring to the act, Mr. McGuigan. I was referring to the supplementary information sheet that came in with their application.

Mr. McGuigan: Still, you know these provisional certificates of approval are the basis of it and they are issued under the act. It seems to me that is a rather damaging statement for you to have made when your mandate is to protect the public.

Certainly the people of Harwich township felt you were there to protect them and that this was more or less denied. I just feel you should really take some of that statement back, especially in the light of what has happened with the courts. It is not my purpose here to try to berate a civil servant. I know he is doing his job, but certain statements like that really upset the people of Harwich township—the people whom I represent, and I have to register my objection to them.

I have one—

Mr. Chairman: Mr. McGuigan. I cannot allow any more on it, unless there is any comment the minister wants to make. I have to go on to vote 2104.

Mr. McGuigan: Just one last quick comment.

Hon. Mr. Norton: I have never seen anyone so persistent.

Mr. McGuigan: The ministry is going to close the environmental office in Chatham. While this may very well be part of your restraint program and have nothing to do with events that have occurred in our township, certainly our

people look upon it as being a bit vindictive. They want to register their objection to that closure.

In spite of the fact we have had difficulties with the ministry we think that, because of these court rulings, with a new minister and his different policies and so on, and with Dr. Chant in the background, things are going to be different from now on. We would like to have the protection of that office.

Mr. Riddell: What would Darcy McKeough say about that?

Mr. McGuigan: He would raise hell.

Mr. Riddell: Was he aware of that?

Hon. Mr. Norton: First of all, may I just clarify that situation? To the best of my knowledge—and certainly I am advised by the assistant deputy minister who is responsible for the regional operations that that has not changed—it was never the intention to close that office. There was consideration being given to a reduction of staff in that office—

Mr. McGuigan: There are not many there now.

Hon. Mr. Norton: —but at the moment that decision has been frozen. In other words, there is no change taking place at present.

Mr. McGuigan: I certainly hope you maintain that office, Mr. Minister, because you know the feelings in the area.

Hon. Mr. Norton: I can assure you that the office will be maintained. What the ultimate staff complement will be I do not know at this point.

Mr. McGuigan: The Treasurer said yesterday in his estimates and he said it in the House that there is no shortage of money; the fact they spent \$650 million did not in any way affect this province in carrying out its programs. So don't hide behind a shortage of money in the light of the Treasurer's statement.

Hon. Mr. Norton: There may be a difference between the \$650 million not affecting any of the government's programs and assuming there are, therefore, unlimited resources for programs.

Mr. McGuigan: He said he could do what he wanted to do as far as the province is concerned.

Mr. Wildman: He said he could raise what-

ever money he needed to raise. He was not necessarily in favour of spending all the money in the world, but he could raise it if he needed to.

Hon. Mr. Norton: I will get a copy of that from Hansard and we may use it.

Vote 2103 agreed to.

On vote 2104, waste management program:

Mr. Kerrio: Could we then decide, my contemporary and I, about dividing the balance of the time?

Mr. J. M. Johnson: Mr. Chairman, I think it is irresponsible of the member to suggest that the two of them divide the time. If we divide it, we divide it three ways, Vince.

Mr. Kerrio: I suppose we could entertain that and you could cover up for one third of the time.

Interjections.

Mr. Kerrio: Sure I would agree, this is a very democratic process.

Mr. Chairman: In dividing it three ways, you are looking at roughly 12 minutes each. I would remind the Liberal coach that he kept giving us half an hour as the estimate for vote 2103; in all the revisions, half an hour was all we needed for 2103.

Mr. McNeil: That's all he needed.

Mr. Chairman: He might bear that in mind.

Mr. Kerrio: We are not quarrelling, Mr. Chairman. I think you have done an exceptional job under the circumstances.

Mr. Chairman: We are on your 12 minutes now.

Mr. Kerrio: Thank you very much.

I have to return for one moment, Mr. Minister, and it now becomes a waste management type of question that I raise with you, even though it is going back to the Stouffville situation.

Isn't it strange how this cloth is woven with a common thread? Everywhere we go we find that citizens have to band together and spend considerable sums of money to protect themselves, not against you, but to defend themselves against someone polluting the environment.

I hope that as a result of these estimates, you will take a hard look at accommodating the public. If large sums of money have to be spent on such matters, it should be done in such a way that citizens do not have to bear the financial burden.

9:50 p.m.

In every instance of a serious situation in a given locale, the ministry should take the local people into its confidence. This would be on the way to start getting away from this "not in my backyard" attitude. Past circumstances have shown that people can hardly be blamed for taking such a stance.

In these estimates we have seen evidence of the considerable expenditures made by citizens on behalf of the environment. I have seen it in the efforts to clean up the Niagara River. I see it at Stouffville, and I see it in my friend Jim's riding. Everywhere we go citizens are spending tremendous sums of money, and that must stop. Somehow you have to guarantee that you are going to give people pure water where they once had pure water.

I want to update you on what is happening at Stouffville as recently as today—even after our bulldozing the member, who is trying to save his neck, because it is his riding, by making a little move to try to get some money back for the people of Stouffville. We will not let you forge that we initiated it here.

Mr. Hodgson: I was there as late as this afternoon.

Mr. Kerrio: He was willing to join with me in suggesting that you should reimburse the people of Stouffville. I think that is a great move. It is like ju-jitsu, once we get you moving in the right direction we have to keep you moving that way.

As to the Stouffville situation, we have had reports on a specific well, and I know you will recognize the man's name when I mention it. A Mr. Hutchinson, who is a John Deere dealer in Stouffville, has been very concerned about his well. The Ames test he had done has proved he has reason to be concerned.

Mr. Minister, I am not sure whether you are aware of this situation or not, but Mr. Hutchinson had a distillation setup and he was distilling his water from that area. As recently as today an official from the Ministry of Health has told Mr. Hutchinson not to drink the water even from his distillation unit. That is a terrible indictment, especially since people have just been given notice of approval to enlarge that whole operation there.

Hon. Mr. Norton: Just a minute. I want to correct you on that last statement before I address the other things you are raising. It is important that you and everyone else understand that there has been no approval given to enlarge that site. There was a recommendation from the Environmental Assessment Board as

result of their hearings, but that is not a decision. The decision will be made by the director of the approvals branch.

Mr. Kerrio: So there is still a chance then.

Hon. Mr. Norton: Listen. You stood up in the house the other day and read aloud the section of the act which clearly said—I had it in my briefing material as well; I was wondering if we had got our briefing material mixed up somehow.

Mr. Kerrio: I had the feeling that what inspired almost means automatic approval. Couldn't you say so?

Hon. Mr. Norton: No, I would not say that.

Mr. Kerrio: All right.

Mr. Charlton: The minister perhaps was wearing a grin on his face when he responded to that question.

Hon. Mr. Norton: To which question—the one right now, do you mean?

Mr. Charlton: The question you were just referring to—the question in the House the other day.

Hon. Mr. Norton: It is just that I am usually a very pleasant person and I often smile. Do you expect me to go around scowling all of the time? It is an effort to retain my sanity at times.

Mr. Kerrio: It is not automatic, then, that approval will be given?

Hon. Mr. Norton: Of course it is not automatic. That implies that the director, who has the responsibility for making the decision, is just a rubber stamp and that is not the case. The recommendation of the board is a recommendation. The director is free to take into consideration other evidence that may have been submitted to him subsequently.

As we know, in this instance other material has been brought forward. I believe in August, perhaps early September, some information was brought forward that I expressly referred to the board. The board, quite within its rights, indicated that by virtue of having closed the hearings they would not take into consideration any additional evidence in rendering their decision. But the director can take that evidence into consideration in making his decision. The board's recommendation is only advisory.

Mr. Charlton: Will the director do that?

Hon. Mr. Norton: I am sure he will, but I am not the director. I believe he will.

Mr. Kerrio: Mr. Minister, I also want to point out that the daughter of the gentlemen I

referred to, Mr. Hutchinson, has been going to his home to take water from the distillation process. Now they have found out that the system was not giving them the protection they thought it might have been giving them.

There are some serious consequences, which I do not want to talk about until I am absolutely certain of the facts. But I know there is a serious health problem there. You may even now have information about it.

Would a situation like that influence the decision on approving enlargement of that operation?

Hon. Mr. Norton: I can say that information is likely to be taken into consideration.

Mr. Kerrio: Then we should be certain that the proper authorities get this information.

Hon. Mr. Norton: I am sure the director is already aware of it. The results of the Ames test done on that one well should be treated seriously, but it is important that they also be looked at as the results of a single, isolated test. That is one of the reasons why we, along with the citizens' group and with their co-operation, have established a protocol for the further testing of six wells in the area, as I mentioned earlier. It is important that everyone have a better and perhaps clearer idea of what, if any, significance is to be attached to that isolated test.

One thing to bear in mind is that all of the other tests that have been done were directed towards detection of specific kinds of contaminants and that these tests have not revealed any problem. The Ames test certainly raises a red flag, you might say, and suggests that further questions should be asked and probably some further testing done.

According to my understanding, the Ames test was developed by Dr. Ames approximately 10 years ago. It has been used for seven or eight years in industry for testing products for effects harmful to human health. Only relatively recently has it been applied in environmental areas—within the last couple of years, as I understand it.

I am aware of no criteria which would allow for any direct correlation between a positive result in an Ames test of drinking water and human health. That does not mean that one treats it lightly, but it is a relatively new application of the test.

10 p.m.

It is my understanding that in the particular test done the sample was concentrated 1,000-fold.

I am told that if one were to take a water sample from any one of a great variety of sources, particularly sources that have been treated with chlorine, one is likely to get a positive Ames test. That does not mean that the water supply in municipalities across this province is necessarily carcinogenic. What it does raise is a definite interest in determining what it is that might have triggered a positive result in this instance.

Mr. Kerrio: It really just points out that we need more sophisticated testing.

Hon. Mr. Norton: Not necessarily. You have to recognize that one of the problems we have in doing parallel tests for the tests conducted in our laboratories is that there are almost no other laboratories quite as sophisticated as the one we have. We have a very advanced laboratory.

As I understand it, the Ames test was conducted upon bacteria in this instance. According to some of the people whom I have consulted since this information came to my attention, a positive result could have been the result of a problem with the bacteria used. I am not saying that is the case and I am not questioning the competence of the scientist who did the test.

We are treating the matter seriously. I am not a scientist, but I have discussed it with people who are knowledgeable about this type of test. I am not trying to minimize the possible significance of it, but it does not really answer questions, it raises them.

Mr. Kerrio: Is that the reason why the public has such difficulty?

I should wind up my participation in the estimates, Mr. Minister, by making a final appeal that you take these people into your confidence; that you relieve them of the responsibility and stand tall in your role as the minister and protector of the environment; that you do the job with the huge staff you have and let the public stay home and do their work. That is my final appeal, and you do not have to answer it. I want to defer to these gentlemen who are going to flounder in the waters of the environment.

Hon. Mr. Norton: I hope you are not suggesting that there ought never to be public interest and participation.

Mr. Kerrio: That is just to make you aware. It is not that they should have to do the job.

Hon. Mr. Norton: Maybe I am wrong, but I interpret the events of the last week with respect to the Stouffville situation—

Mr. Kerrio: You are using your friend's time.

Hon. Mr. Norton: I will wind up very shortly.

I interpret the events of the last week with respect to the Stouffville situation, particularly the citizen involvement and participation, as a very positive one. For the first time, I think, since I have been in the ministry, the citizens notified us when they received the information. They came to talk to us, they presented us with the information and we worked out a protocol for further testing. I think that is a positive step because previously there was a much greater degree of scepticism about trusting the ministry even to that extent.

You will recall that the last time they received test results they did not wish to divulge much information to us. They did not wish to identify the laboratories which had conducted the tests. I think what has happened in the last week is a very encouraging move. I hope that kind of co-operation could continue.

Mr. Kerrio: It is a very small step in the right direction.

Hon. Mr. Norton: That is correct.

Mr. Kerrio: It is not much of a step, but we have you going in the right direction.

Hon. Mr. Norton: You may recall the very lengthy discussion we had at the opening of the estimates about the problems experienced by all jurisdictions these days about public confidence in government and government agencies. I think that if we can see some small steps from time to time, moving in these positive directions, we have to take some encouragement from even small steps, and I do that.

Mr. Charlton: I concur wholeheartedly, Mr. Minister. The fact I chose in my leadoff remarks to emphasize that very aspect of the operations of your ministry. The fact that all of this has happened since then is very encouraging.

Hon. Mr. Norton: I am sure that the lead time was somewhat longer than that, but I do not wish to detract from the credit you would like to take at all.

Mr. Chairman: Mr. Johnson has five more minutes. Do you want to say anything else, Mr. Minister?

Mr. McNeill: Do I sense that you want to hear from Conservative members?

Mr. J. M. Johnson: I will take my shot now, Mr. Chairman. I would like to express my disappointment at the Liberals in not being interested in having Dr. Chant appear before us.

Mr. Kerrio: We have had Dr. Chant; we talked to him in the privacy of our caucus room and found out everything we wanted to know.

Mr. J. M. Johnson: As one member of this committee, I really am disappointed that we did not have the opportunity to talk to Dr. Chant. When we had the first meeting, I understood that was one of the schedules we wanted to make.

Hon. Mr. Norton: Dr. Chant is here this evening.

Mr. J. M. Johnson: I know he is here.

Mr. Kerrio: He has performed a very valuable service for the people of Cayuga, Ontario.

Mr. J. M. Johnson: Possibly the two Liberals would leave so that Dr. Chant could come and talk to the committee for a few minutes and tell us what he is doing with the Ontario Waste Management Corporation, if that is in order, Mr. Chairman.

Mr. Riddell: Are you a little suspicious that it might be located in Wellington-Dufferin-Peel?

Mr. J. M. Johnson: No.

Hon. Mr. Norton: I would just say in response to this Jack's remarks that he has already got his name on the list in Hansard, as I understand it, is wanting preferential treatment.

Mr. Riddell: As singing the praises of the industry. There is nothing wrong with the industry.

Mr. J. M. Johnson: Mr. Minister, I would like to hear from Dr. Chant if it is in order.

Hon. Mr. Norton: It is not up to me; it is up to the committee. I would think it is in order to hear Dr. Chant.

Mr. Chairman: Yes.

Hon. Mr. Norton: I think, Dr. Chant, given the preamble, you probably do not need any introduction at all to members of this committee.

Dr. Chant: I would like some guidance as to what the committee's primary interest is. It is presumably not past history, but where the corporation intends to go now and I do not mean geographically.

Mr. Chairman: We do have time difficulties and it is really not fair to Dr. Chant or the committee. I apologize for that. Mr. Johnson, could you be a little more specific?

Mr. J. M. Johnson: Dr. Chant, in the four minutes you have, could you just give us whatever you can tell us?

Dr. Chant: I am not a Conservative.

Interjections.

Mr. Kerrio: Will you speak a little faster, please?

Hon. Mr. Norton: I think everyone is getting a little punchy.

Dr. Chant: I am too. I just came back from Ottawa and I must say the sanity and calm and tranquility of this meeting are a refreshment from what is going on there.

Very quickly, what we have asked our consultants to do—and we have two consulting firms that are now engaged, Proctor and Redfern as our prime consultants and Gartner Lee as our hydrogeological consultants—first of all, is to look at the data basis on which the MacLaren report was based, because a lot of information that MacLaren gathered was not in the final report, of course, and to verify, or otherwise, the adequacy of that information.

10:10 p.m.

Second, we have asked them to give us their advice on the adequacy of the criteria by which MacLaren and the Morrison Beatty people working with MacLaren judged the sites were suitable or not suitable in looking at that list of 17 sites. At the moment we have no list—and that is the most important thing I can say tonight—which we are particularly homing in on. We are not bound to inherit the MacLaren report and the ranking they did of the 17 sites they looked at.

We have told Gartner Lee, the hydrogeologists, that we would like them to take an absolute free-flowing look at southern and central Ontario and tell us which areas have the best hydrogeological features—that is, natural features—and not to second-guess about transportation, not to second-guess about anything, quite frankly, but just to tell us which are the best areas we can start on. Hopefully, some time late this winter or next spring, they will be able to come forward with candidate sites which may or may not be the ones that went on the MacLaren list.

I emphasize again that no one should feel we have a hidden agenda or a hidden list somewhere; we do not. So that is really where we are starting.

At the same time we have asked our prime consultants, Proctor and Redfern, to do on a very urgent basis a number of studies that are not site-specific. We do not depend on having identified an area. What is the liquid waste inventory in Ontario? We are working with Mr. Macfarlane in the minister's office, as well as with other sources, for that.

We have asked them, secondly, to do a survey of the world's leading technology for the treatment of toxic liquid industrial waste. The commitment of the board, and I think of the minister as well, is that we are not interested in depositing

or storing anything that has not been subject to treatment of one kind or another. We want to know what is the best technology in the world for doing that, because the minister's commitment and his predecessor's commitment is that this is going to be the best one in the world for a time and right out at the leading edge of proven technology. A great deal is being done while we are looking at the question of alternative sites.

Mr. Chairman: We will defer to Mr. Charlton if he has any questions of Dr. Chant.

Mr. Charlton: I have a couple. Most of us are reasonably pleased with the number of events which have happened over the last few weeks.

Dr. Chant: It was not easy.

Mr. Charlton: Right, it was not for a lot of people. There were a couple of things you said at the press conference I would like to get into a little bit, as quickly as we can. This probably is not an exact quote, but you said your commitment was to find the best possible site. You wanted to make sure this job was done right.

On the surface of things that appeared to be in slight contradiction to what you set out as the procedure. Perhaps it is just a problem with terminology.

You said that the procedure from here was looking at a number of sites, doing preliminary studies on a number of sites, and then doing in-depth studies on whichever appeared from the preliminary studies to be the most favourable site. That kind of a statement says to me that the specific in-depth studies of one site may prove whether or not that particular site is the right site, a useful site, or a site that is not appropriate, but how are you going to be sure in a process like that that you have the best site?

Dr. Chant: You accurately quoted me in the second part, but not quite in the first part. The best site we can find, I think is what I said. I do not think anyone will ever know what the best site in Ontario is because none of us have that kind of prescience, but the best site we can find.

You will recall that the Gartner Lee studies on the South Cayuga proposed site were proposed at two phases. One was an overview with a certain amount of walking the site and backhoe pits and this kind of stuff, but not a half million dollars spent in drilling all over the place and doing a really detailed study of the site.

That experience proves that with the expenditure of a relatively modest amount of money, a firm like Gartner Lee can give a pretty good reading as to whether a site is worth looking into in great detail. Obviously, it showed South

Cayuga was not, for reasons you heard me speak to the other day. I think that is the approach we will take.

No one will ever be able to say—wherever we finally come to rest and develop this facility, as I think we all share an urgent feeling we have need for it—it is the 100 per cent best in Ontario. But it should have natural features that would provide us with the kind of safeguards we are looking for, so that if there is any leachate moving from the site we have advance warning. There will be no hidden surprises like the ones we found at South Cayuga and that sort of thing.

I think we can have pretty good assurance of that, especially with Gartner Lee. I must say I have the greatest admiration for that firm. I think they served all of us extremely well.

Mr. Charlton: They found the lumps, that for sure.

Dr. Chant: Yes.

Mr. Charlton: All right. Let us just say, for the sake of a figure, that you did preliminary studies on six sites and there were indications in all six cases of some potential; what would really add to the overall project to make a decision to look further into all of them as opposed to just one?

Dr. Chant: What would it add to the process? We would look at all of them, in the sense of the stage-one kind of approach Gartner Lee took. We would then narrow it down and do the detailed studies, which are quite expensive when all is said and done, on the one that looks like the best candidate.

We know what we are looking for. Gartner Lee can outline these things: great depth of clay, uniformity of clay, the natural safeguards required to give early warning of problems that might arise from the site so remedial action could be taken. These are the fairly obvious kinds of things.

They bring all of the issues, socioeconomic factors, transportation factors, all these kinds of things which would have to be laid out afterwards in making our decision.

Mr. Kerrio: Dr. Chant, I wondered about your involvement as it relates to recycling or addressing ourselves to the situation where we only put into landfill what of necessity has to go into landfill. Will that be a major part of your—

Dr. Chant: Yes, indeed it will, Mr. Kerrio. I think, as I indicated at the Liberal caucus the other day, some months ago to show our interest, we made a grant to Pollution Probe to support the book they are writing on recycling and waste reduction.

We eventually see the corporation as having a major program in the whole area of reduction, recycling and exchange. Those are the ways you prevent yourself from having to treat the wastes in the first place.

Exchange is one that has probably been most neglected. One company's waste is another company's resource. One of the reasons we chose Proctor and Redfern is that the Ontario Research Foundation is associated with them and they have a major program in the areas of reduction, exchange and recycling. They have talents there we can put at our disposal.

Mr. Kerrio: Maybe the minister is finding this convenient way to get on with the job they promised us back in 1975 and 1976; that we would take a major thrust at recycling. Maybe this is the way we are going to accomplish it now.

Dr. Chant: I think one of the keys to this is it is not big industry, per se, that has the largest problems with the technology of recycling and reduction. It is medium and small industries that do not have the resources to devote to that.

If we develop talents we can send out on a consulting basis to a silverplating firm in Guelph or a printing plant in Peterborough, wherever it might be, and help them to understand the ways in which recycling and reduction and exchange can take place, then I think we will be really fulfilling our role.

We emphatically—and the board is absolutely unanimous about this—do not see ourselves as passively sitting behind a gate and letting any of the junk that comes to us; absolutely not. We are going out to reduce the amounts we will have ultimately to treat.

Mr. Kerrio: I see. That is important. I am impressed with that part of the program right now. It is vital and important.

Dr. Chant, did you get a copy of that report Pollution Probe had here in our—

Dr. Chant: Yes, we did.

Mr. Kerrio: There were some very interesting comments.

Dr. Chant: We were a little disappointed Pollution Probe did not acknowledge the grant we had given.

Mr. Kerrio: Well, remind them of that.

Dr. Chant: We have. The points they made were good ones.

Mr. Kerrio: That is good to know.

Mr. Chairman: I do not think we have very long to go.

Mr. G. I. Miller: May I just have one comment? As I indicated to the minister at the press conference, it restored my faith in the democratic system. I was proud to think the information we provided to the minister and to this House was acted upon during the discussions on South Cayuga. I would just like to thank Dr. Chant for the fine job he has done on behalf of the people of Ontario, and we appreciate that.

I have indicated to you the Liberals will always try to give good, sound support. One thing that really concerns me is—

Mr. Chairman: I am sorry, we have to stop now. Does vote 2104 carry?

Vote 2104 agreed to.

Mr. Chairman: This concludes the estimates of the Ministry of the Environment.

We are to meet again at 8 p.m. on Tuesday to discuss the estimates of the Resources Development policy field.

The committee adjourned at 10:20 p.m.

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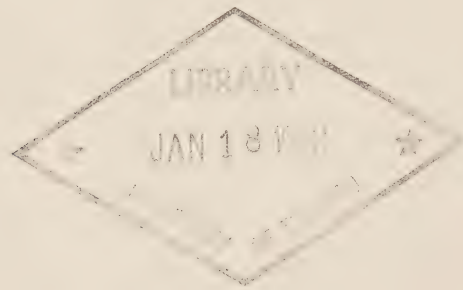
LEGISLATIVE ASSEMBLY

No. R-17

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Resources Development Policy



First Session, Thirty-Second Parliament
Tuesday, December 15, 1981

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday, December 15, 1981

The committee met at 8:10 p.m. in room No. 228.

After other business:

8:40 p.m.

ESTIMATES, RESOURCES DEVELOPMENT POLICY

On vote 1801, resources development policy program:

Hon. Mr. Ramsay: Mr. Chairman, perhaps one small procedural item at the beginning. We won't be able to get to matters pertaining to the Niagara Escarpment this evening, I am sure. Tomorrow the Niagara Escarpment Commission is holding a hearing, and it would be difficult for us to have the chairman and the executive director here. I was going to suggest, with the approval of the committee, that we hold any questions pertaining to the Niagara Escarpment until eight o'clock Thursday evening and deal with them at that time.

Mr. Chairman: Does that meet with the committee's approval? Agreed.

Hon. Mr. Ramsay: Mr. Chairman, ladies and gentlemen, I am pleased to present to you my secretariat's estimates for 1981-82 and would like to make some introductory remarks that will complement the information already circulated, information which I trust will outline our mandate and responsibilities. This is the booklet that has been circulating.

Increasingly complex problems face government at all levels today and demand greater co-operation and co-ordination in the process of decision-making. In the context of changing circumstances and restraint, we must ensure that the policy development process is efficient and captures the best of ideas, rather than merely safe ideas that result in average solutions.

The role of the cabinet committee on resources development is consistent with this goal. The management of Ontario's resources involves a substantial responsibility, and the committee will continue to explore ways in which the management of resources can be enhanced through innovative approaches during this time of restraint.

As part of this ongoing exercise, there exists

an ever-increasing need for ministries in the field to study collectively the management of natural and human resources within our trust, to better understand how they are managed, to learn about the problems and to propose improvements to benefit all Ontarians, including the private sector, which provides so much of our revenue base.

Further intervention by government in the private sector must be taken with great care. We have demonstrated through our program of regulatory reform that we wish to simplify, not complicate, procedures and regulations applicable to the private sector. This is one mechanism that we feel is a very positive corporate improvement.

I am not going to be so naïve as to sit here and try to tell you everything is just great in Ontario. There are difficult economic times upon us, and there are major problems confronting all of us as legislators. However, to illustrate that the Ontario situation is not as bleak as detractors of government would have us believe, I would like to quote from a recent speech by Mr. Maurice Morrison, a senior official of the banking industry:

"At the start of the year, economic forecasters were not very optimistic about Ontario. While their predictions of economic growth suggested a turnaround from 1980, such 'optimism' did not extend to more than one per cent real growth for the province this year. The media, touching upon the negativism directed at the economy, wondered aloud about the future of the 'once-mighty Ontario.'

"By mid-year, however, the economic figures were showing stronger growth in Ontario. Employment was increasing, retail sales were well ahead of inflation, and such measures of income as had been compiled hinted at good personal income growth in Ontario for 1981. The economists began to change their tunes, and forecasts of three per cent real growth became the norm. Unfortunately, the media did not generally reflect the greater optimism in its news coverage.

"Now, as we enter the final month of 1981, there is considerable evidence of a sharp downturn in the Canadian economy, which is clearly reflected in the Ontario situation. Nevertheless,

barring some unexpectedly severe retrenchments in the provincial economy, 1981 will still stand as a year of some strength, despite record high interest rates, despite record levels of consumer uncertainty, despite strikes and layoffs in a number of industries and public services, and despite a slowdown in the major growth sector of Canada, the oil and natural gas industry of western Canada."

Mr. Morrison goes on to note several strengths of the actual situation in Ontario, which I wish to put on the record—excuse me.

Mr. Chairman: Want some water?

Hon. Mr. Ramsay: Please. Excuse me.

Mr. Chairman: Maybe you had better stop smoking.

Hon. Mr. Ramsay: Maybe it is the people around me. Oh, I am sorry. I am only kidding.

Mr. Stokes: Considering some of those quotes, I do not blame you for choking on them.

Mr. Laughren: Mr. Chairman, would you like me to move a no-smoking motion?

Hon. Mr. Ramsay: Not tonight, I do not think.

Mr. Morrison goes on to note several strengths of the actual situation in Ontario, which I wish to put on the record as follows: "The strength in food and beverages, electronics, chemicals and plastics has provided Ontario with growth in overall manufacturing shipments, both in nominal and constant dollar terms.

"Nonresidential construction has been relatively strong so far this year, reflecting the strong investment activity generally in the province. Also, residential construction generally has been stronger in Ontario this year. Housing starts increased more than 35 per cent through the first nine months of this year compared to the same period last year; this increase represented almost 40 per cent of the total increase in Canadian housing starts over the same period. The improvement in the housing market has not been even across the province, however. Toronto, Hamilton-Wentworth and a few other localities have seen much of the province's housing starts.

"Retail sales in Ontario have grown at a rate exceeding inflation, a welcome change from 1980. As I mentioned earlier, this trend was particularly noticeable at the mid-year point but has trailed off in recent months.

"The Ontario economy has a number of advantages, both in comparison with other parts of the country and in considering our future potential. In this province, we have much of the necessary infrastructure: the public facilities

and the serviceable land, to mention just two. We also enjoy a considerable advantage through relatively inexpensive electricity rates compared to other provinces.

"In considering the future of Ontario, we should remember the advantage of strong transportation and communication lines with the northeastern United States as well as the export potential afforded by the St. Lawrence Seaway. Our supply of skilled labour is a considerable plus for the expansion of industry, particularly in the fields of high technology. In addition, Ontario enjoys the advantage of being a commercially viable market because of the size of our population."

As Mr. Morrison noted, all of these factors suggest that there is scope for optimism about the Ontario economy.

Mr. McKessock: It is easy for the bankers to say. It is a ripoff.

8:50 p.m.

Hon. Mr. Ramsay: Just let me take a moment to tell you where these remarks were made and the context in which they were made. Mr. Morrison appeared before a committee of cabinet and made these remarks; after he was finished and after the meeting was over, I went over and asked him, knowing that I was coming to this committee, if he would mind if I used them and if I quoted him.

He said: "Actually, when I sat down to make up this presentation to the cabinet committee, I sat down determined I was going to make a very negative presentation. I felt there were many problems in this province and I had the opportunity to bring them before cabinet. But once I started to do some research, I had to change the theme of my presentation and, instead of talking negatively, I had to start talking optimistically."

Mr. Stokes: Maybe we should have him before the select committee on plant shutdowns and employee adjustment to convince the unemployed that they never had it so good.

Hon. Mr. Ramsay: The following audio-visual presentation describes some of the issues facing the resources development policy field. This presentation, ladies and gentlemen, will take 22 minutes and 36 seconds.

[The committee viewed an audio-visual presentation.]

9:15 p.m.

Hon. Mr. Ramsay: That concludes the tape-slide portion of my opening remarks. I would like to put on the record the fact that one of the early slides in that presentation showed a

glorious outdoor scene, and I have been advised that is in the riding of Mr. Stokes. Would you like to comment as to where it is, Mr. Stokes?

Mr. Stokes: It is called Ouimet Canyon, and the Ministries of Northern Affairs and Natural Resources are making it a real tourist attraction, upgrading the roads and the bridges and making it much more safe and publicizing it.

Hon. Mr. Ramsay: Great. I would now like to take this opportunity to advise you of some revisions to the corporate arrangements by which Ontario handles native affairs.

Mr. Stokes: For a fraction of the cost.

Hon. Mr. Ramsay: Ontario's policy with respect to responsibility for services to status Indians has evolved over a long period of time and reflects the desire of Indian people for a special relationship with the federal government.

It is Ontario's position that Canada has responsibility for services to Indians by virtue of section 91(24) of the British North America Act and by virtue of constitutional convention, whereby Canada has maintained a special responsibility for the interest and wellbeing of all registered Indians. It is also Ontario's position that the federal government has financial responsibility for services to all status Indians, both on and off the reserve.

Although the government of Canada acknowledges that it has a special responsibility for status Indians, it does not acknowledge total financial responsibility. This question of responsibility for services is a very complex subject and was one of the major questions the province attempted to resolve in Canada-Ontario-status Indian tripartite negotiations. However, Canada has indicated that it is unable to address this fundamental issue within the Ontario tripartite forum. Therefore, this issue will have to be pursued in another forum involving the federal government and all provinces.

When I assumed chairmanship of the cabinet committee on native affairs earlier this year, I recognized that for Ontario to be able to address the issue of federal-provincial policy differences related to responsibilities for status Indians, I required a broader mandate. As a result, by an order in council on September 18, 1981, I was given the following expanded mandate for native affairs:

1. To develop Ontario corporate policy;
2. To co-ordinate interministerial policy development, program delivery and special corporate projects;

3. To co-ordinate corporate communications, negotiations, including tripartite negotiations, and mediation processes with native organizations, Indian bands, federal and other provincial governments and personal and corporate entities; and

4. To monitor line ministry policy development and program delivery.

I would like to point out clearly that in my role as minister with corporate responsibilities for native affairs, I am not responsible for native programs in the province. Line ministries and central agencies all have their own respective responsibilities and mandates to develop policy, operate programs and provide services relevant to native issues and needs.

For example, the Ministry of Natural Resources, which is responsible for the management of crown land and resources in Ontario, is responsible for determining Ontario's response in regard to native requests for unique access to natural resources and crown land.

The Ministry of the Attorney General and the Ministry of Intergovernmental Affairs are responsible for advising the government in regard to the entrenchment of aboriginal and treaty rights in the constitution.

9:20 p.m.

The Ministry of Community and Social Services and the native community branch of the Ministry of Culture and Recreation develop relevant policies, operate programs and communicate directly with native groups in response to social service and community development needs of native people.

My role is to develop government-wide or corporate policy as well as to facilitate policy development by line ministries in regard to matters affecting native people. The secretariat has responsibility for providing corporate guidance to and co-ordination of interministerial activities and to ensure that generally the government deals effectively and consistently with native affairs. At present, I am assisted in this role by the CCNA, the cabinet committee on native affairs, and the interministerial committee on native affairs.

In the few short months that I have been the chairman of the CCNA, I have endeavoured to assure positive and productive communication between the government and the organizations representing the interests of Ontario native people.

Shortly after my assignment, the status Indian associations requested a meeting of the joint steering committee on native affairs which I

co-chaired with the executive director of the office of the chiefs of Ontario. I was accompanied at that meeting by a number of my colleagues and the presidents of the four status Indian associations in Ontario.

The focus of that meeting and a subsequent meeting, held in midsummer, was the Indians' concern about recognition of their unique rights to hunt and fish in Ontario. Discussions are still under way on this issue, and it was the primary topic we discussed at a very recent meeting with representatives of the Indian associations and the federal Minister of Indian Affairs and Northern Development.

I recognize and believe that you can appreciate that such discussions are sensitive, complex and fraught with conflicts of interests and opinion. However, I am committed to maintaining an open forum to ensure that dialogue continues to clarify the issues and move forward towards just and feasible resolutions which will provide for the immediate and long-term interests of the Indians and other provincial residents.

Similarly, to be well informed about the views of the non-status Indians in Ontario, I accepted an invitation to attend the grand assembly of the Ontario Métis and Non-Status Indian Association held in July. At that time, I spoke briefly as an observer at their commission of inquiry into native people and the Canadian constitution. I also indicated to their president, Mr. Duke Redbird, that the cabinet committee on native affairs will meet with the executive council of OMNSIA on particular matters of interest to non-status and Metis people in Ontario. Currently, I am awaiting a proposed agenda from Mr. Redbird.

On other occasions, I have facilitated meetings between particular ministers and appropriate native groups in regard to activities or plans of a line ministry that have particular impact or relevance to native people.

I am convinced that such dialogue and discussion must be maintained to assure an understanding of the aspirations of the Indians on the one hand and the constraints of government action on the other.

I would like to take this opportunity to outline a number of other areas in which the secretariat has taken the lead in the native affairs arena.

First, a special agriculture and rural development agreement, special ARDA, is a unique federal-provincial economic development initiative for native people which was originally developed in western Canada. Today, special

ARDAs are in effect in British Columbia, Saskatchewan, Manitoba and in the Northwest Territories. With cabinet approval, the secretariat has been involved in exploratory discussions with the Department of Regional Economic Expansion with respect to the possible development of a special ARDA in Ontario.

With the advice of various ministries, the secretariat has developed a compendium of programs that are potentially fundable under a federal-provincial special ARDA. The next steps in the process will involve internal Ontario discussions with respect to the availability of provincial funds, discussions with DREE and discussions with representatives from the native associations. It is my hope that I will be successful in negotiating a federal-provincial agreement which should be of significant benefit to the economic and employment needs of native people throughout this province.

Second, as I earlier indicated, the federal government to date has indicated that the basic question of responsibility for services to status Indians cannot be resolved with Ontario alone. As a result, I have been actively involved with my colleagues from other provinces in preparing for discussions with the federal government on this very basic question.

The provincial and territorial ministers with responsibilities for native affairs have met twice this year and have agreed that a major federal-provincial meeting of ministers with responsibility for native affairs should be convened to clarify current federal initiatives and policy directions related to status Indians. In preparation for this meeting, a special task force on native affairs was established and co-ordinated by officials from Quebec. Ontario is represented on that task force.

In preparation for the proposed meeting of provincial ministers responsible for native affairs and the Minister of Indian Affairs and Northern Development and the Minister of National Health and Welfare, the task force has prepared a discussion paper of federal policy direction regarding services to status Indians, proposed Indian local government and federal land claims policy.

In addition, the federal government representatives have recently indicated they would like to see the issues of Indian hunting and fishing rights and economic resource development for Indians discussed. Plans are now under way for this meeting to take place early in 1982.

Third, I would like to take this opportunity to speak about the Canada-Ontario-status Indian

tripartite mechanism. As you are aware, I represent the province on the tripartite council. The objective of the tripartite mechanism is to bring together representatives of Ontario, Canada and the status Indians of Ontario in an attempt to resolve issues of mutual concern.

The tripartite process is facilitated by the Indian Commission of Ontario and Commissioner Justice Patrick Hartt. The ICO was established by the parties to provide an independent secretariat responsible to the tripartite council to help guide and stimulate tripartite discussions and negotiations. The commission is also responsible for supervision of any mediation process established by the tripartite council, such as the mediation negotiations currently under way, involving the two governments, the Islington band and the Grassy Narrows band.

As indicated earlier, I am Ontario's representative on the tripartite council. My deputy provincial secretary, Mr. Thatcher, represents Ontario on the tripartite steering committee, which meets on a quarterly basis.

Four tripartite working groups have been established to address a number of issues, including land and resources, hunting and fishing, wild rice and services. These working groups report to the tripartite steering committee. Three of these working groups are dealing primarily with matters for which the Ministry of Natural Resources is the lead ministry. MNR is responsible for developing the policy or position papers for these working groups in consultation with other concerned ministries or provincial agents.

Under the tripartite process, an experimental land claims resolution has been established. Currently, 11 Indian land claims are being reviewed by the three parties. The ICO is facilitating negotiation and resolution of these claims.

In summary, my role and the role of my staff with respect to tripartite work is to co-ordinate Ontario's input into the tripartite process and to represent the province on the tripartite council.

I would like to now move to the Niagara Escarpment Commission, which reports to the government through the Provincial Secretary for Resources Development. Since my appointment as provincial secretary, I have taken the opportunity to familiarize myself with the Niagara Escarpment planning area and the activities of the Niagara Escarpment Commission.

In the past few months, I have had an opportunity to fly over the Niagara Escarpment planning area and have toured the area both by

bus and by boat. I would add there that I have walked portions of it as well. This past summer I met with the Niagara Escarpment commission following a regular meeting held in Tobermory.

I thought the members of this committee would be interested in hearing about some aspects of the commission's operations which I discovered when familiarizing myself with this matter.

The commission holds open meetings which the public may attend, and all correspondence with the commission is available for public review at the commission offices in Georgetown during regular office hours.

Applicants for development permits may also make representations before the commission. In the past few years, the commission has reviewed more than 5,500 development permit applications, more than 90 per cent of which have been approved.

As you know, public hearings before the hearing officers are well under way and should be completed by late winter 1982. To date, more than 510 presentations have been made to the hearing officers since the hearings commenced in April of 1980.

Following completion of the formal hearings, the hearing officers will prepare a summary of the presentations, a review of the presentations, and will submit recommendations to the commission and to myself. I will ensure that this material is forwarded to all municipalities and is available to all members of the public.

9:30 p.m.

Following the receipt of the hearing officers' report, the commission will undertake a complete review and analysis and submit a final proposed plan to me. During the course of the hearings, well-known experts on planning have participated to express their views on the proposed plan for the Niagara Escarpment. In general, their comments have been favourable on the innovative approach that has been taken.

The special approach to preparing a plan, and the complex nature of the issues that confront the commission within the planning area, has involved the commission in a substantial effort to gather appropriate data, analyse information and prepare alternatives. Public involvement has also been an important consideration. Very early in the process, the commission established advisory committees and held meetings with municipal officials and interest groups. The public has also been kept informed through pamphlets and news bulletins. Because the

proposed plan is currently before the hearing officers, it would be inappropriate for me at this time to comment on the details of the plan.

Because of the length of time taken to prepare the proposed plan the government has initiated transitional arrangements to bridge the period between the hearings and the implementation of the final plan.

First, as you have been informed by my colleague the Minister of Municipal Affairs and Housing (Mr. Bennett), his ministry was requested by cabinet to report on the need to rescind the development control procedure in certain areas lying outside the area of the proposed plan. Following consultation with the commission, it was agreed that in those areas outside the proposed plan for the Niagara Escarpment, but still subject to development control, development control will be removed selectively and in a phased manner. The conditions set down for the removal of controls are that a municipality should request the removal of control and that the Ministry of Municipal Affairs and Housing must be satisfied that development control can be replaced by adequate municipal zoning controls.

The priority for revoking development control will go to those municipalities that have asked for removal of development control, and a first group of 16 municipalities has been identified. Once the appropriate amendments to the regulation have been completed by the ministry, they will be forwarded to me for signature. This action will affect about 57,500 hectares of the total 249,000 hectares of land in the Niagara Escarpment planning area currently under development control.

Nineteen of the 32 affected municipalities support this action, and the remaining 13 have indicated they would be willing to consider it once adequate local zoning bylaws are in order. I have asked the Minister of Municipal Affairs and Housing to ensure that, when reviewing the applications for these affected areas, he consider the objectives of the Niagara Escarpment Planning and Development Act.

Second, the cabinet committee on resources development extended the process originally approved in 1979 to review applications for the expansion of existing pits and quarries in the pits and quarries restrictive area of the Niagara Escarpment planning area. This procedure will ensure that the approval activities of the commission and the Ministry of Natural Resources are co-ordinated during the period of the hearings and completion of the final proposed plan.

Third, an interministerial liaison subcommittee was formed to deal with matters requiring the co-ordinated involvement of a number of departments during the transitional period. The subcommittee reports to the land-use committee and comprises representatives from the Ministries of Agriculture and Food, Environment, Industry and Tourism, Municipal Affairs and Housing, Natural Resources, Culture and Recreation, and chaired by a staff member of the secretariat. The subcommittee is currently assessing procedures for reviewing the final proposed plan once it has been submitted to me.

Fourth, beginning next year, some changes are contemplated in the membership of the commission. The commission is composed of 17 members, eight of whom represent the public at large, eight who represent the counties and regions, and the chairman. At the end of August 1981, four of the members representing the public at large will be replaced.

Mr. Stokes: You have your dates all wrong.

Hon. Mr. Ramsay: I am sorry, 1982.

Mr. Stokes: Unless this was written six months ago.

Hon. Mr. Ramsay: No. It was written very recently and I apologize for those two errors where it should have read 1982 instead of 1981.

Now with your permission I would like to take everyone in attendance tonight on a bit of a tour of the Niagara Escarpment. We have an excellent film. It is not too long and I think you will find it most enjoyable and informative.

Mr. McKessock: Is this the same film that has been going for years?

Hon. Mr. Ramsay: I did not know it was going for years, Mr. McKessock. I saw it for the first time a while ago and was quite impressed, and I thought others might like to see it as well.

[The committee viewed a film.]

9:55 p.m.

Hon. Mr. Ramsay: Thank you very much. I thought the film would be appropriate in that there are conflicting opinions expressed on it.

I would like, in conclusion, to thank the respective critics of the opposition parties, Mr. McGuigan and Mr. Stokes, for agreeing to let us have a partial visual presentation tonight, a little different from the norm.

I would also like to thank and acknowledge the help today of Lloyd Walton from the Ministry of Natural Resources, who helped put together the slide presentation. Lloyd, incidentally, is recently the recipient of one of the top

awards in Canada, if not the top award in Canada, for his production and filming of a documentary film entitled *Snow*. It was the winner in its category at the recent film festival in Toronto. I also have to tell you that Lloyd comes from Sault Ste. Marie, and he and I used to work together up there. I had to get that plug in for the Soo.

Mr. Stokes: What is his last name?

Hon. Mr. Ramsay: Walton. I also want to thank the chairman for putting the cigarettes out so I could finish the presentation without coughing all over the place.

Mr. Chairman: Very obliging chair.

Mr. McGuigan, you have a film you want to show tomorrow morning? Do you wish to proceed now or tomorrow morning?

Mr. McGuigan: Are you suggesting we adjourn?

Mr. Chairman: No, I really do not wish to adjourn. I did not know whether you wanted to start tonight and then have the film tomorrow, or whether you wanted to defer to Mr. Stokes.

Mr. McGuigan: The thrust of my comments are going to be on the agricultural area that I am best able to speak on, particularly the matter of soil erosion. I thank you for your co-operation. I have arranged for Dr. Charles Baldwin of the Ridgetown College of Agricultural Technology to come tomorrow morning at 10 o'clock. He is the leading spokesman in Ontario, if not this part of the world, on matters of soil erosion.

He can speak for whatever time the committee wishes to give him but this 20-minute slide presentation shows some of the highlights of what is happening in Ontario, and certainly he can answer questions. I can speak endlessly on the subject. Perhaps it would be better if we left that for tomorrow, if all the members agree. I will defer to Mr. Stokes.

Mr. Stokes: First, I would like to congratulate you, Mr. Minister, on your new appointment to this position, responsible for the resources development secretariat. Since I do not have any visual presentation, as you and Mr. McGuigan have, and they say a picture is worth a thousand words, I have a lot of words to put before the committee to make up for the lack of any visual presentation.

10 p.m.

I was most interested, particularly in the second visual presentation. It is the first opportunity I have had to see the escarpment from that vantage point. I have driven around it, by it and I suppose even over it, without even

knowing it on some occasions, but this is the first opportunity I have had to see it from that vantage point. I can see the thing is just rife with problems and conflicts, depending on whose ox is being gored and how they see the escarpment being used. I want to thank you for that presentation. Perhaps at some time you can tell us how much those two films cost.

The first presentation you made was really nothing new. It was probably more of a baptism for the minister than a way of enlightenment, certainly for me, with regard to the responsibilities of the resources development secretariat. I want to follow along with your briefing book and talk out loud about some of the things in the briefing book which were included in your audio-visual presentation.

I want to start out by throwing words back at you. You say: "The main responsibilities of the secretariat . . . are to provide a focal point for the development of government-wide policies for subjects of concern; to provide a policy and project co-ordination and implementation role for projects for which no single ministry has clear-cut primary responsibility; and to provide a policy analysis capacity to the provincial secretary."

I suppose some of this is necessary in the overall context, particularly when you are talking about land-use planning, the escarpment and all its conflicts, urban sprawl and the part the Ministry of Agriculture and Food plays in this, and to some extent the role played by the Ministry of Natural Resources in the south and certainly, in much greater proportion, its role in the north.

That bothers me somewhat. There is so much blurring of lines. You have a sort of overview responsibility for co-ordinating all the ministries within this policy field. It seems to me there are so many conflicts and overlaps. I am sure if our colleague Leo Bernier was here he would be saying: "No, this is what I really do in terms of the north. I am the co-ordinator, the expediter, the one who sets policy with regard to the building and upgrading of roads, the allocation of scarce dollars for transportation and communication and the facilitating of development."

To use a specific example, in terms of Detour Lake, where a couple of major companies are undertaking to exploit what is possibly the largest and richest gold mine in Canada, a couple of contracts have already been let to provide road access to that development. Ontario Hydro is involved in providing power for the operation of that fairly major project.

The Royal Commission on the Northern Environment has been in existence for well over four years now. I happen to know that one of the fairly major research pieces they commissioned was on how the environmental assessment process should apply to undertakings like that. They are sitting on this report. We have already voted funds to your colleague the Minister of Northern Affairs for two contracts for the Detour Lake project. They are goal one. Yet you are supposed to be co-ordinating it.

The commission on the northern environment has done an environmental impact study on that whole operation. I asked the Minister of Northern Affairs what is going to happen when they release that information to you if they say, "No, we do not think it should have gone that way at all." I asked what his response would be. He said, "They are simply going to have to tell him he was wrong." Yet we do not even know what he might say about the whole thing.

So I am wondering where this co-ordination is that you speak of. Where is the overall co-ordination and co-operation you speak of so glowingly in terms of the Provincial Secretary for Resources Development? Where does the Minister of Northern Affairs fit into this overall grand scheme of things, having an overview of the direction in which development should go and the social and environmental impact this kind of development should take?

I hope you can appreciate how confusing it is for somebody trying to get a handle on the thing, not being negative about it, but trying to understand what everybody does. It seems to me you are going to have to sit down and talk to your colleagues. If it is clear in your own mind what you do without stepping on one another's toes, I wish you would explain it to me.

Let me give you another example of a situation that causes me great concern. On page 31 of your opening comments you speak about the new mandate, the expanded terms of reference that have been given to you to co-ordinate the responsibility for native people's social, economic and cultural wellbeing in Ontario. You are saying there is really no money at the provincial level for status Indians, yet you spend an awful lot of your time on it, according to the kinds of things you are talking about, the kinds of things you have on your plate.

I see conflicts all over the place. You are saying, "We really do not have any responsibility for status Indians," yet you have set up this tripartite thing that has been repudiated by the federal government. It is saying, "No, this is not

a forum within which we are prepared to operate." After doing this for three or four years, you are saying, "Now we have to arrive at different terms of reference, a different forum, a different window on to the problem that will be acceptable to the federal government, whose responsibility it is primarily to deliver services to the native people."

Why should it have taken literally three or four years since the secretariat had some responsibility for co-ordinating problems for native people, in fact acting as a liaison for native persons resident in Ontario for the delivery of federal programs in Ontario?

You mention the agricultural and rural development agreement program, which is a federal-provincial program that will stimulate economic development in native communities. On the other hand, you say there are no funds allocated either by your secretariat or by others. Out of the total you are asking for in these estimates of \$2,240,000, where none of the funds are dedicated to native persons with the exception of—

Hon. Mr. Ramsay: Transfer payments to the Indian commission.

Mr. Stokes: Yes, to the Indian Commission of Ontario. That is for \$311,000 and is the one shared by Mr. Justice Patrick Hartt. You have already admitted this is not working because the federal government will not talk to you within that framework. You are saying you have to come up with another one.

10:10 p.m.

The other ministry of this government that has any responsibility at all for native people is the Ministry of Culture and Recreation. Notwithstanding the fact you say it is primarily a federal responsibility, under the citizenship development program they have something called special services for native people, the native community branch, with 10 field officers and I do not know how many staff, and with a total budget of \$3,226,000. Most of that is by way of grants for special projects and services: \$91,000 for the Chiefs of Ontario, \$115,000 for the Ontario Native Women's Association and \$216,000 for Indian friendship centres.

But there is really no money for the delivery of specific services to native people whether they are status or non-status Indians. At one time this modest budget used to be under the provincial secretary, not Culture and Recreation. They used to be able to assist an Indian

reserve by buying them a truck, a bulldozer, some mechanical equipment, something like that, or some assistance for arts and crafts.

It seems to me you are downgrading the activities as they pertain to either status or non-status Indians, including the Ontario Métis and Non-Status Indians Association.

You do a lot of talking with these people, with the grand council chiefs, but you seem to take on the role of somebody who says he will protect the interests of the native people in Ontario against big bad brother over in Ottawa, and will try to co-ordinate either through the tripartite or some other mechanism that you are going to develop to provide that function.

But you are not coming out with any dollars that would indicate to our first citizens you are prepared to do something on their behalf. Let me give you a specific example. I have been over some of the things your secretariat has had on its plate during the past year. I am quoting the material you presented to us, "The following is a representative list of issues which have been reviewed in the past year." I have some of them marked that I want to say something about, but there is one in particular where you say, "Single resource industry communities—project terms of reference."

Obviously, this is something you have at least done some work on and yet you made no mention of it in your opening comments as to what the approach is of the secretariat. What kind of recommendations would the secretariat make to the line ministries in the resources development policy field for approaching the problems of single industry resource towns like Atikokan and a good many that are well-known to you and me?

I want to get over to another one by way of example. That is one of the other things you have looked at. They are numerous. I do not know how you get time to read all of this garbage, by the way. I used to notice René Brunelle was doing it constantly. Whenever one looked at him, he had his head into a document of some sort. I often was going over to ask him, "René, what are you doing all the reading for?" He was constantly reading to prepare himself for all these things you are expected to be knowledgeable about so you can chair a meeting on all these various topics.

Let me get back to the point I really want to make. Under Ministry of Municipal Affairs and Housing, you looked at, "Disaster relief assistance—flooding: Hastings." I had a request from Fort Severn, a native community which is

the most northerly community in Ontario. They completed their goose hunt. That is a mainstay of their local economy. They have a goose hunt where they attract primarily American hunters. They fly them up. It is the biggest cash crop, a source of income for that community because that is where the ducks, geese and everything come down. It is a resting place before they complete their migrations in the fall.

Right after they completed that exercise, which I understand was successful this year, they had a very unusual high tide. You must appreciate that Fort Severn is up on an embankment. It is on an escarpment, if you will, up from the river. They are all clay banks. There is about a 12-foot tide when the tide comes in from the bay. Fort Severn is on the river about eight miles in from the bay.

By some freak of nature, they got an extremely high wind with an unusually high tide. It wiped out over half the boats and motors and all of the equipment. As I say, they had just completed their goose hunt. They lost about \$22,000 worth of boats, motors, equipment, tools and that sort of thing. To you and me, that is of very minor significance. But it takes them literally years to replace, because they live primarily on resources that are indigenous to the area.

They hunt caribou, moose, rabbit and fish. They are too far away to come down and take advantage of firefighting. Some of them do it, but not to the extent that others farther south do. It was a major catastrophe for a small community like that to lose over half their boats and motors. They asked me if I would seek some source of funding because they are getting a little more sophisticated.

I did not know there was a flood in Hastings county but I did happen to know there was a flood and a wind storm down around Woodstock. Boy oh boy, did we ever react to that, and rightly so. Then somebody away up north makes a very modest request for some assistance so they can replace all of these boats and motors that they lost. Without a boat up there, what does one do? Without a motor up there, what does one do? When there is a current running by the community at about 20 miles an hour, one does not go along on a raft. One has to have some way of getting to and from the resources.

I thought it was a modest request and I sent it to the Minister of Northern Affairs. He said, "Oh yes, this sounds like a legitimate way to spend taxpayers' dollars and we will look at it." He looked at it and then he passed it on to the

Minister of Municipal Affairs and Housing. He said: "Oh yes, it sounds meritorious but we do not have any money for that. You will have to go to the federal government." So we went to Eugene Harrigan, who is the regional director-general of the federal Department of Indian Affairs and Northern Development in the province.

He said: "Oh no, I am surprised we did not hear about this. Why did they not report it to our Sioux Lookout office? We do not have any funds for this and we do not know of any source of funds. But tell them to send it to Sioux Lookout and we will see if we can come up with something."

In the overall scheme of things it is peanuts, but for them it is their entire livelihood. I know we do not want to waste a lot of time talking back and forth and leaving Mr. McGuigan out, but I am going to ask you this and perhaps at the appropriate time you can respond.

10:20 p.m.

Is this not an appropriate way for your secretariat to act on behalf of those people who fall between all the stools? The federal government says, "It is not our responsibility." The province says: It is not our responsibility. We will sit down and we will talk to you about anything you want to talk about, as long as it does not cost us anything." I really think that is a cop-out.

I have always felt the native community branch meant somebody who could help in eventualities such as that. I always felt your secretariat was the proper vehicle for bringing the attention of the federal government to situations like this. It always boggles my mind. The response is, "We really do not have a program," when I think the response should be: "That is something we have not thought about. Let us get a program."

Let me give another instance of a native person who was working for the Department of National Defence in Armstrong. He was a non-status Indian. He was a commissionaire at the radar base. He had 10 children, his wife and himself to support. He was pulling in \$310 a month. Obviously, that is not enough to maintain a livelihood for a family of 12.

He came to me about it. I explained the problem to a minister who is no longer around here. I said: "This guy is gainfully employed. He enjoys his work. He has his pride and his self-respect but he is doing his family an injustice by continuing to work because, by

your own standards, if he went on welfare, if he just quit his job and said, 'Look after me,' he would get somewhere in the neighbourhood of \$450 or \$477 a month by quitting his work, going home and minding his own business."

For about \$160 or \$170, we could have supplemented his income. He would have retained his pride in saying, "I am working for a living." The minister of the day said: "That sounds like a novel idea and it seems to make a lot of sense. Let me look at it."

He went to the people in the ministry and he came back and said, "No, my officials tell me there is really nothing we can do." I said, "Why can't you do something?" He said, "We do not have a program." I said: "Damn it all, John, get a program. If you don't get a program, it is going to cost you \$470 a month. If you get one it will cost you \$170 a month." I could not convince anybody.

I want to report to you without revealing the name of the individual that he has not done an honest day's work since. He is taking advantage of government programs. He has been a community development officer and he is jumping from one job to another. But he has not been regularly, gainfully employed since. We do an injustice to those people. I think you know what I am talking about. But there is nobody to co-ordinate these programs.

It is simply not good enough to say, "We think it has a good deal of merit but we just do not have a program." Damn it all, why do we not get those programs? We are not so inflexible that we cannot design programs to meet the needs of people as opposed to imposing these airy-fairy ideas from down here in Metropolitan Toronto or some other urban centre, saying, "Generally speaking it works for most people so apply it up there." It will not work up there. You know it and I know it.

If you are ever going to be serious about co-ordinating the effect of this government on the people of Ontario, you should make damn sure those ministries that are under your wing design programs that meet the needs of people, rather than sitting down here in isolation designing a program and then running all over hell's half acre trying to get somebody to meet the criteria you have laid down. I think you are putting the cart before the horse.

Let me give you some other examples of how I think you could provide yeomen service and, as your colleague the member for Kenora (Mr. Bernier) says, bring in a new thrust and a new

emphasis to whatever it is you are trying to do. I spoke to you about how difficult it is for native people to get off some form of social assistance, whether it be family benefits or whatever it is they collect—unemployment insurance, if they happen to get enough consecutive weeks of employment to even qualify for that.

You know that native people traditionally have lived on the resources that are indigenous to whatever area that they have settled in. We have fur, we have trapping. You know how successful the fur auction has been for the last several years in North Bay; you know how much more trappers now get for their furs simply because they just do not have to take whatever Hudson Bay or any other fur trader offers them. They can send them down to market, if they can afford to wait for their money.

You know what happens on reserves—maybe you do not—away in the far north where you have either a free trader or a Hudson Bay post. If an Indian wants to go out and hunt in the spring or the fall, when the fur is most prime, the first thing he has to do is go to the Hudson Bay post. He says, "I want some traps, kerosene, and food," all of the things that are necessary for him to go out and start trapping.

Of course, the Hudson Bay manager says, "All right." He makes a list of it and he says: "That is \$500. How much can you pay?" The Indian says, "I really cannot pay you anything, you are just going to have to trust me until I come back." So the Hudson Bay manager says, "Okay, that is fine as long as you bring the fur back to me."

So he goes out on to the trapline for four, five or six weeks. He comes in with his fur. Of course, by this time he has to eat again so he walks into the Hudson Bay store and he will say, "I need some more food." "Okay, where is your fur?" He looks at the fur and makes an offer for so many mink, so many marten and so many beaver"—or fisher or muskrat or whatever it is he has. He will say, "Your fur is worth maybe \$700 or \$800." "Okay, I will pay off my bill, the \$500, but I want to go out again so give me another \$500 or \$300 or \$400 worth of equipment."

You know that happens. He is trapping and he is working darn hard under very trying circumstances just to stay alive, not to get ahead, but just to stay alive. I am sure your secretariat has the wit and the wisdom to go to those trappers who are really interested in making a living trapping—certainly during that period of the year when the fur is most

prime—and say to them: "All right, we will give you \$500," or "We will give you \$1,000. We will work a deal with Alex Shieff in North Bay, who is the fur auctioneer. You will be given an opportunity to send your fur down. You will get substantially more at auction than you will if you are dealing with an individual Hudson Bay factor way up in the bush and you can afford to wait for the best price for that fur if you had the initial money to start out on."

You could put a lien on it by working some kind of a deal with Alex Shieff saying, "We have advanced \$1,000 to 50 trappers," or however many it is who are are interested in the program, "and we are helping them." You are helping them get started and they know that. They have the same advantage as any other trapper who has the wherewithal, the money to get started on his own. We help a lot of companies in a variety of different ways that you and I know so well. Here is an excellent opportunity to help our first citizens in the thing that they can do so well if given an opportunity.

On commercial fishing: the last place at which I was talking about commercial fishing was Summer Beaver. Whenever you get a chance, go up and look at Summer Beaver—

Hon. Mr. Ramsay: I was up to Webequie.

Mr. Stokes: You have been up there? All right, they hacked it out of the wilderness. The federal government told them they were crazy. The provincial government told them they were crazy—

Hon. Mr. Ramsay: Excuse me, I said Webequie, but we flew around the whole area.

Mr. Stokes: You flew over it. If you had done that five years ago you would not have seen anything there. It is just their determination. You and I can talk about why they moved there, and it was for legitimate reasons, but I am not going to bore the committee with it. They are getting 94 cents a pound for their pickerel. It is costing them 31 cents of that 94 cents to fly the fish out, assuming that the plane got there while the fish were in good shape and got them down to where they could even get the 61 cents or 62 cents for pickerel.

You go to any place in Sault Ste. Marie, Thunder Bay or Toronto and find out what you will pay for a feed of fresh pickerel. It is one hell of a lot more than the 63 cents a pound than he gets for it after he has paid the shipping charges.

He has paid \$5 a gallon for gasoline to propel the boat to go out there and get it. There again,

he would be better if he stayed at home. It would not cost him anything for the boat, motor, nets, plugs and all the equipment they use for this. They do not want to do that. They would like to share in the new wealth that they are creating. You can pay anywhere from \$4 a pound to \$7 a pound for pickerel filets. The poor guy who does all of the work is lucky if he gets 63 cents a pound after he pays all of his expenses. There is the way in which your secretariat could be co-

ordinating these programs to help our first citizens.

I have something else that I want to get into on that very same subject. I am going to go on at great length, but perhaps I could continue first thing in the morning. I will not take too much time and I will not delay Mr. McGuigan's guest too long after that. If I had 15 minutes or 20 minutes in the morning I could complete my remarks on that subject.

The committee adjourned at 10:32 p.m.

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No. R-18

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Resources Development Policy



First Session, Thirty-Second Parliament
Wednesday, December 16, 1981

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, December 16, 1981

The committee met at 10:08 a.m. in room No. 228.

ESTIMATES, RESOURCES DEVELOPMENT POLICY (continued)

Mr. Chairman: I would like to recognize a quorum and carry on from last night. I believe Mr. Stokes had asked for another 15 or 20 minutes to finish his remarks.

Mr. Stokes: Thank you, Mr. Chairman. Last night when we adjourned, I was talking about problems of native people in the north, both status and non-status native people. I have one more item on that and then I want to get into some economic matters.

Before I get into the final item that I want to raise on problems facing native people, I want to start out on a positive note by acknowledging that positive things are happening in the north.

I just got word that a contract had been let for Highway 527, which is the one running south from Armstrong down to Highway 17 at Thunder Bay. That is one that was badly needed; in fact, I got a complaint on it yesterday afternoon. In addition to that one for Highway 527, another one has been awarded for Highway 11 between Atikokan and Shebandowan.

We have been pushing those projects for a good long while, and I would like to say through you to your colleagues the Minister of Transportation and Communications (Mr. Snow) and the Minister of Northern Affairs (Mr. Bernier) that we appreciate the efforts they are making to upgrade transportation corridors in northwestern Ontario.

The final item I want to bring up under native problems is one that has dragged on for a good long while. It has to do with negotiations going on now between the Islington band, which is part of Treaty 3 out in the Kenora area, Great Lakes Forest Products and the Ontario government.

Those negotiations have been going on for a good long while under the aegis of the tripartite mechanism, of which we spoke last night, chaired by Mr. Justice Patrick Hartt. You may have watched the 11 o'clock news after we left

here last evening. A news item out of Winnipeg, over the Canadian Broadcasting Corporation, indicated that those mediation proceedings were likely to break down today and that they are actually blaming the Ontario government for the failure of these proceedings to bear some kind of fruit.

Reed Paper signed a memorandum of understanding with the Ontario government for these last 19,000 square miles of boreal forest that were under licence to one of the major pulp and paper companies. When Great Lakes Forest Products bought out Reed Paper, they were given first chance of refusal, if and when those last 19,000 square miles of timber were to be allocated to anybody. But a part of the deal was that there would be a maximum liability accrued to Great Lakes Forest Products as sort of a legacy left by Reed Paper, that they would be held responsible for no more than \$15 million in liability as a result of the degradation of the English-Wabigoon river system.

Your colleague the Treasurer (Mr. F. S. Miller) and the previous Minister of Natural Resources, Mr. Auld, had made that quite clear to the Legislature on a number of occasions. Any indemnity that may be the responsibility of Great Lakes Forest Products in excess of \$15 million, depending on a negotiated settlement, would be picked up by the province. As a result of these negotiations, which are not going anywhere, I understand the government has sort of backed down on that commitment. They say, "That really was not what we meant."

In talking to some of the Great Lakes Forest Products people, the battle is not only between the Islington band and Great Lakes Forest Products but also between Great Lakes Forest Products and the province. I know the people up there thought that, after a long while, protracted negotiations were really going to get somewhere. Obviously this is not happening.

From news reports and other information I got from the negotiating people, I am afraid that whole process is likely to break down. It is likely to end up in litigation rather than in mediation or conciliation. I know it is something the minister has been involved in. I happen to know

personally one of the people involved in mediation proceedings, Al Baxter, who has been seconded in that role from the Ministry of Natural Resources. He was the regional director for the Thunder Bay office or the north-central region.

I think this is something the minister and his secretariat really have to get involved in if he is going to maintain his credibility as the Provincial Secretary for Resources Development, and particularly his responsibility for assisting native people.

The minister may have more up-to-date information than I have, but that was a concern that has been expressed to me. Had I been able to get on the question period yesterday, I probably would have pre-empted the CBC on it. However, that will not be necessary if the minister can give the committee some up-to-date information as to how he sees that problem and the role he has played or will continue to play to bring about a happy resolution to that long-standing problem.

I want to refer back to some comments the minister made in his opening statement and the audio-visual presentation he made, highlighting responsibilities of the secretariat. He quoted at length material from Mr. Morrison of the banking fraternity; it all sounded very rosy.

I know the minister must have read the morning papers and heard the morning news. The Conference Board of Canada predictions said that they saw Ontario and our economy really in the doldrums. They felt that the industrial heartland of this country was performing at a much slower rate than every other province in the Dominion of Canada save one of the maritime provinces; I believe it was New Brunswick.

The minister can trot out his figures and quotes from such eminent people as Mr. Morrison, but we have the other end of the spectrum where the conference board is being very negative about industrial growth prospects in the next year or so in this province of opportunity. I suppose that somewhere in the middle, between what the conference board predicts and the rosy future that was predicted by Mr. Morrison, lies the truth of the matter.

I want to highlight problems of increased unemployment in the labour force and put them in a northwestern Ontario context. In terms of my responsibilities down here, as a member from northern Ontario and specifically for the riding of Lake Nipigon, I see the secretariat, the

Ministry of Natural Resources and the Ministry of Northern Affairs as being more oriented to the north.

I don't want to denigrate from the provincial secretary's responsibilities for an overview and to perform a co-ordinating role for all the ministries in the resources development policy field for all Ontario, but the balance of my comments are going to be rather parochial and insular.

For these purposes, I want to remind the minister of the situation in northern Ontario by quoting a couple of articles. The headline from the Thunder Bay Times-News of November 20 is: "Labour is Leaving: City Work Force drops 25 Per Cent since January 1980." They quote some pretty eminent authorities and some people who are worth while listening to. The report says:

"Forecasts from 1978 studies that projected a slow growth rate for northwestern Ontario's labour force in the 1980s have proven wildly optimistic, according to data from the Canada Employment and Immigration Commission's district economist.

"The Statistics Canada information we have shows a substantial drop in actual numbers in the labour force," said Mel Soucie, an economist with Canada Employment and Immigration. 'It's a net loss of workers, not merely a drop in the growth rate.'

"Soucie said the calculations have to be used with caution, but there had been an obvious downward trend for the last two years. In January 1980, the total northwestern Ontario work force stood at 99,000. By January 1981, it was 93,000. In October 1980, at a seasonal peak, it was 105,000, but in the same month this year it was down to only 85,000. Similarly, Thunder Bay's work force of 60,000 in January 1980 had dropped to the 46,000 figure by October of this year.

10:20 a.m.

"Soucie explained that the estimates are not the most reliable and subject to considerable fluctuations throughout the year, but point toward a loss over the last two years of anywhere up to 10 per cent.

"Participation rates have dropped dramatically," said Soucie, referring to the numbers of people of eligible age actually working or seeking work. 'Of those between the ages of 15 and 65 years in northwestern Ontario, 63.9 per cent were in the labour force in January, but only 58 per cent by January 1981. And it dropped to 57.2 per cent in October of this year.'

"Job creation has really died out in northwestern Ontario. All the major industrial expansions, such as the Red Lake and Pickle Lake mine developments and Kimberly-Clark mill improvements ended up in that time. Really, all primary industry expansion and construction activity has ground to a halt since then."

He goes on to state some specifics that I won't bore you with, but, in keeping with that, this is a comment from the dean of the economics school at Lakehead University. He says, and this is a chap by the name of Dr. Chris Jecchinis: "There is a big outmigration of school-leavers from northwestern Ontario . . . The majority of university grads cannot get jobs here." They must go elsewhere. That isn't the case totally for graduates of Confederation College, who are much more successful. But any of them in degree courses at Lakehead University simply must leave the area to get employment in line with their studies or their degree.

Jecchinis goes on to say that "the reduction in the labour market could be attributed to the long-term situation of no industrial growth and to the shorter-term influences of the current recession and high interest rates.

"Unless both provincial and federal levels of government plan better, the labour situation in northwestern Ontario will grow worse. A good proportion of the predictions and theorizing of the 1978 manpower adjustment studies just don't stand up under close scrutiny."

I want to quote one other very respected authority to reinforce what I am trying to say. He is Cliff McIntosh, who is the director of Quetico Centre and who has been very closely and intimately involved with retraining and holding seminars for people in both the private sector and the public sector. I think he highlights the problem and the argument I am trying to make. He says:

"The outlook for any job creation is very tight for the next five years . . . The job market will be smaller and the economy will be under more pressure than at any time since the Second World War.

"McIntosh said the economy of northwestern Ontario will be so shaken up and pressured that 'only the entrepreneurs, the innovators and the most hard-working will survive.'

"Even without the continuance of industrial slowdown and high interest rates, the lack of new venture in the fields of mining and transportation and automation of the pulp and paper industry will result in a net loss of jobs for the region, said McIntosh.

"The pulp and paper mills up here haven't even begun to fully automate yet. Since they're just beginning to modernize, the big loss of jobs is yet to be realized' he said.

"McIntosh said the first to start the process is the Boise Cascade mill in Kenora. 'In three years of automating, their work force of 800 will drop to slightly more than 400.'"

The director's comments were echoed last week by the district economist for Canada Manpower, whom I quoted in the earlier article, who said, "The net elimination of jobs in the first round of modernization will come to around 1,000 jobs."

We have heard a lot of discussion about this and the employment development fund grants in the Legislature, as raised by a variety of members. It is argued by the opposition, quite legitimately as McIntosh points out, that modernization in the pulp and paper industry as a result of outright grants from both the provincial and the federal governments will result in a net loss of jobs by modernization and automation. Your people seem to argue that if we do not provide them with incentives to modernize, they will cease to be competitive and have to close down and all the jobs will be lost.

Somewhere in between is the reality and the truth of the matter. But the fact is that we are losing jobs in northwestern Ontario, where we have a very narrow base. The majority of all the industrial activity in northwestern Ontario—in fact, between 72 and 75 per cent of it—is wholly and solely related to the forest products industry. While they are modernizing to the extent they are, no provision is being made to pick up the slack. I know that in this economic jungle we call the world economy, you either keep pace, you automate, or you go under. That is a foregone conclusion.

But when we provide taxpayers' dollars, either federal or provincial taxpayers' dollars—they are the same people, but the money comes from different envelopes—we have a responsibility to tie these industries down, to say that in some way they will have to improve their product lines; that they will have to get out and hustle to maintain their share of the world market by developing new products and by product replacement.

We go along saying that because a mill makes wood pulp or linerboard or newsprint that is its sole function in the marketplace. I am sure you know, but let me give an example of the variety of species of trees that go to waste. You go out into Great Lakes Forest Products limits or into

the Abitibi limits. If it is Abitibi, you know they want the black spruce with the long fibre, which makes the best newsprint. They tend to focus most of their attention on the black spruce stands. If there is something in their way, things that colleagues of ours around here used to refer to as the weed species, whether it be birch or poplar, those are species of trees in the right age class on which we can do product replacement.

10:30 a.m.

I invite you, if you have not already done so, the next time you have a couple of hours in Sault Ste. Marie, Toronto, or any place you happen to find yourself, to go into a supermarket, a little gift shop, a drugstore or most any retail outlet in Ontario, and take a look at the gift items, bowls, toothpicks, rolling pins and any other number of items on sale in most retail outlets which are made out of wood.

I invite you to pick them up and look at the label underneath and see where they come from. Chances are they were not made in Ontario. The toothpicks may have been made in Quebec. Chances are that the cores to roll the paper on did not even come from Ontario; chances are they may have come from Quebec. Look at all the bowls and specialty items, and they may have come from the Asian countries, the Philippines, Korea, or some of those Pacific Rim countries; but chances are they did not come from Ontario.

We take that excess material, growth the major companies really are not looking for, and we have prescribed burns to get those stands out of the way so we can scarify. But we do not use them.

I guess what I am really trying to say is I think it is legitimate to assist these companies to modernize, but in the process we are eliminating jobs. You can say that is progress, but if you are spending taxpayers' dollars to eliminate jobs, along with that package you have a responsibility to say to those people that they should innovate, that they should be entrepreneurs, that they should get out and hustle, and that they will save those jobs by making better use of our forestry resources. I have said this for a number of years, but we still keep importing this stuff and we are eliminating jobs.

When I hear the Treasurer saying, "If we do not provide them with the incentive grants to spend some of their own money, they are just going to close up shop and go out of business," I know that is not going to happen. Boise Cascade is not going to leave. Great Lakes Forest Products is not going to leave. Kimberly-Clark

is not going to leave. Domtar is not going to leave. American Can is not going to leave. Ontario Paper is not going to leave.

We have a responsibility to say: "If you are going to operate using resources that are indigenous to this province, we will create the proper economic climate, the proper tax climate, we will even give you some money to sweeten the pot; but you have a responsibility not only to maintain the jobs you have, but also to enhance job opportunities in the process."

I do not know why you would walk in and say to a company, "How much money do you want to modernize and to reduce jobs?" That is just part of the equation. Everybody talks about the bottom line today. Well, as a member for a northern Ontario riding, I have had to know more about the forest industry than any other thing that is the responsibility of this government, because it is our lifeblood, and between 72 and 75 per cent of all the economic development in all of northern Ontario owes its existence to forest product industries.

If you say we have to look at the entire province and we cannot just look at the situation in northern Ontario, I want to remind you that a report came out here that was paid for by the Ministry of Natural Resources. It is called the Hedlin Menzies report, and it reminded all of us of the importance of the forest industry, even to the extent where it said that six out of every 10 jobs directly or indirectly related to the forest industries in Ontario are in southern Ontario—six out of every 10 of those jobs.

Four of those jobs are where resources are, the other six are elsewhere, as you well know. Where are those jobs? They are in southern Ontario in the manufacturing sector, in the value-added sector. Even if you do not believe me when I say it is absolutely essential that we do this for northern Ontario, let us do it for the province. That is where most of the jobs are. Sixty per cent of all the jobs related to the forest industry are down here in the south.

You would be doing everybody in Ontario a favour if you said to them, "We will give these incentive grants so you can modernize and in some cases expand, and expand particularly in the product replacement areas." There are a number of things. Go to the Ontario Research Foundation and see the kinds of research they are doing to make better use of indigenous resources in Ontario, not only in the forest industry but also in the mining industry. You know the problems the mining industry has faced. I am not going to get into that.

You above everybody else have a responsibility to remind your colleagues in the resources development policy field, whether it be the Ministry of Natural Resources, the Ministry of Industry and Tourism, the Ministry of Northern Affairs or the Ministry of Transportation and Communications. If you want to make a name for this superministry, as it used to be called, you can do the people of Ontario a favour. You can even make your colleagues look good if you take the trouble to do an overview of the overall responsibilities for this secretariat, not only in the resources development policy field but also in the social development policy field, because the two of them are inextricably tied together.

That is what you have to do if you want to get hold of this ministry, act as the co-ordinator and clear the lines. In my opening remarks, I said there was so much blurring of the lines that one does not know who is responsible for what, who is taking the lead role and who is doing the co-ordinating. If it is in the north and one asks the Minister of Northern Affairs (Mr. Bernier), he will say, "I am the co-ordinator, no question about that, and I have the bucks to set the priorities." To a large extent, he does. If one wants something in one's riding one does not come down here, one goes to Leo Bernier; that is what I do.

I see you as being the catalyst, you and the people in your secretariat. You guys could be the think tank and say, "Industry and Tourism, Northern Affairs and Natural Resources are all going their separate little ways." Quite often when I see something happening I think, "I wonder if they ever talk to one another." If I had the time, I could tell you about something that is going on here; I am not going to, unless I am forced to on Thursday evening.

I have a real horror story about the Ministry of Natural Resources, and I will share this information with you. You have people in the field saying: "For God's sake, do not do this. It is against everything our ministry stands for. It is against strategic land-use planning. It is against the whole philosophy behind the forest management agreements." I suspect, because of a political commitment that made no sense in terms of managing our forests, they are scattering around and cooking the books to give all that land to a fellow who bought a mill that Domtar dumped because there was not sufficient wood to keep it going.

Because of a political commitment, people down here in the ivory tower are trying to prevail upon people in the field. They say, "We

do not care where you get the figures, but you give us the figures so we can allocate this area of land that is supposed to contain 120,000 cunits of wood."

10:40 a.m.

People in the ministry are saying it is not there. There may be 30,000 cunits of white pine or red pine, but there is not sufficient to give this fellow false hope that he will have enough wood to keep that mill going for the foreseeable future. It is people out in the field who are saying, "For God's sake, do not make that mistake." But the Minister of Natural Resources (Mr. Pope) is going to make that mistake.

I do not want to get into all the details. It would take too much of the committee's time, but this is the kind of thing that concerns me. I am sure, when I share all these details with you, it will concern you.

I do not want to take up any more of the committee's time right now. I do not want to delay Mr. McGuigan's guest any longer. Those are my opening remarks. As time allows, later on in these estimates I will get into more detail on what I see as the function and the opportunity.

We have a lot of problems. If you look at every problem as an opportunity, as a new minister you will not go wrong. You will make yourself a name, not only in northern Ontario but also throughout the province. I will even help you to do it, provided you are prepared to listen to reason. Do not listen to everything these mandarins and bureaucrats tell you down here. Get out into the field and find out what is going on and you will not go wrong.

Mr. McGuigan: Mr. Chairman, I thank my co-critic for relinquishing the time. I guess I am doing everything backwards in my area as critic by not starting out with an overall view as Mr. Stokes has done. We have arranged to have a slide show. I have done this because the subject I am going to talk about is a rather old one. I am sure people are going to say, "What is new about that?" But we do have some new and recent problems.

First, we want to get your attention. We can best get that attention with a presentation Dr. Baldwin is going to make. I will follow it up with my view of the soil erosion problem, and then I will finish with my overview. We are doing things in reverse, but my good friend behind me says we have about two hours; so we hope you will bear with us.

Dr. Charles Baldwin graduated from the

Ontario Agricultural College in 1956 and received a master's degree in 1957. Somewhere along the line—I am not sure at what time—he was given his doctorate at Michigan State University. He has been at Ridgetown most of his working life; at least it seems that way to me, because I have known him there for many years. He is probably the one person in Ontario who is fearlessly speaking out and talking about soil erosion.

It is a subject a good many people try to avoid; there is not much politics in it. Dr. Baldwin is committed to this social and resource question. He is recognized all over Ontario and North America as a leading soil scientist, particularly in the erosion field. We will go now to the subject at hand, because we want to get your attention and I know Dr. Baldwin will get your attention.

Dr. Baldwin: Honourable members, ladies and gentlemen, it is indeed an honour for me to be here this morning and to share in at least a small way in your deliberations of the problems at hand.

I consider myself fortunate to have been brought up and to have spent my boyhood years, some of which were in the 1930s prior to the advent of the Second World War, with a family of seven children, two grandparents and two parents. It brings into proper perspective and proper focus the tough times we hear about today when one had the opportunity, and I consider it an opportunity, to have lived in those 1930s and 1940s.

My father owned a farm that was dissected by a small river, and I can just barely recall the flood of 1937. I think a few people in the room can share that recollection. The flood took out all bridges and dams on this river and, of course, it took out the concession bridge that we used to get across the river. This separated 135 acres: 50 acres of pasture land, 50 acres of bush land and about 35 acres of working land. When the concession road was closed, this meant we had to make a Bailey bridge, a temporary bridge, which was washed out almost every year from 1937 to 1943, when my father decided to sell that portion of land.

He put it up for tender, and until the last day of the tender the best offer was \$900. That is not \$900 per acre. We had a dark horse come through in the last day who offered \$1,300 and he got the bid for the 135 acres. In the past few years, certainly in the past few decades, we have seen land prices go up fivefold, fiftyfold, hundredfold and in some cases even a thousandfold compared to what they were at that time.

My concern is that I do not think from the farm standpoint we have had the same interest in improving or increasing our soil management or soil husbandry concerns. The land prices seem to go one way and farm interest seems to go the other. This is rather strange. If a person were to buy a \$50,000 horse or a cattle beast compared to one he paid \$500 for, I know where his husbandry interest would lie. This is a perplexing dilemma to me.

What I would like to do is take you on a short slide travelogue through Ontario to bring you up to date on what is out there. What you see is factual. What you see is there; there is no borrowed footage. I have not stolen anyone else's slides to prove a point. You cannot argue with what you are going to see. You might wish to take exception to what you hear and, if you do, perhaps you are with me as far as the message I have to bring to you is concerned. Can we have the house lights turned down please?

If we are looking for a title, let us call it a concern for the countryside; not a rural concern and not an urban concern, I consider it is everybody's concern. When the wind blows, it means many things to many people, of course. It depends on whether one is haying that day, whether one is out sailing, whether one has crops in the field or whatever situation one finds oneself in.

An increasing concern to me is the increasing amount of wind erosion we have taking place throughout the countryside. This has a bearing on the vegetation that is or is not left. We have an increasing number of people on corn planters who have to wear masks. If they do not have air-conditioned cabs et cetera, they have to wear masks to survive the rest of the morning.

10:50 a.m.

This is a newly planted corn field about two hours after planting. We dug up some of the kernels, and we found them almost eight inches deep. Now, it doesn't take a very smart person to realize you don't plant corn eight inches deep. We found the corn eight inches deep, and we found corn blown out right to the surface, no less.

Mr. Eaton: Where was this field?

Dr. Baldwin: In the southwest. One of our concerns with the wind blowing in the interrupted open spaces is what we call surface creep. When the wind blows, it selectively takes away the best part of the soil, leaving exposed a highly vulnerable subsoil. What you see happen-

ing in this slide is the subsoil being blown over on top of topsoil. It is a double-edged sword as far as devastation is concerned. These are blow-out spots that we are confronting where the topsoil has been blown away. In farming the subsoil, we are getting nutrient deficiency problems and production problems that are pretty hard to interpret when there is nothing to go by from a natural standpoint as far as the longevity is concerned.

We get a little more concerned perhaps when we see the drift coming off the fields and piling up along the roadsides, but this will be quickly covered by vegetation, in a year or two, with quack grass or native grasses. We get a little more concerned when a travelled portion of a road, such as is shown in this slide, is starting to be blown in. This isn't the 1930s. I can recall very well when the children at home helped to push the mailman's model T Ford out of a roadway similar to this when he delivered the mail after school.

We get a little more concerned when it fills up the ditches and starts out on to the paved portion of the road. This road is paved right to the right of the slide. We have all kinds of instances of people having to turn headlights on, instances where families have to leave home for a few hours or a day or two because they can't keep the very fine dust out of the houses.

We get concerned with wind erosion almost every month of the year except the highly vegetated months of July, August and September. It represents a good deal of cash outlay to reconstruct a ditch, to unplug the drains and make some semblance of getting the soil back on the land from which it came.

We had black snow in many areas of the southwest. It is not confined to the southwest. It used to be. We have a good deal of wind blowing all winter long, with our native vegetation down to one or two per cent in some of our counties. We don't have much there in the way of obstacles to stop the soil from drifting when the storm clouds come.

Again, it depends on what the individual is doing, whether he is farming, whether he is selling boots or whether he is in some occupation that is tied in with the weather. But let me say that all lands erode. There is no such thing as farm land that doesn't erode; it is just simply a matter of degree of erosion that takes place.

This slide shows erosion of a well-vegetated red clover stand after corn. It represents washing. Any time we see murky conditions, then we know the best part of the landscape is leaving.

This slide represents washing off corn land. The land was saturated after a three-inch rain storm, and obviously the water all has to run off. When the ground is saturated, no more infiltration can take place. When the rains come, they can either soak in the ground, stay and flood homes and crops, or they can run off.

One of the first signs of things leaving home, if you like, from the standpoint of soil erosion, is the gray areas developing on the sides of knolls, very subtly. It is not spectacular but extremely devastating. All of a sudden the gray shows up. This means that over the course of the last few years the topsoil has very insidiously been washed away.

If I can digress for just 30 seconds, if we are looking for a signpost in history from which to judge a lot of the things that are happening, let's go back to the Second World War. It was during the Second World War that they were able to utilize the nitrogen out of the atmosphere, and there is a tremendous amount of it there, to make it into bombs and explosives.

After the war, they suddenly could be concerned with peacetime purposes for it; so this gave a real injection to the fertilizer industry. Tremendous amounts of very economical fertilizer supplies came on stream, especially nitrogen.

Suddenly, we did not need the cattle beast any more on the farm. This meant we did not need rotation with alfalfa and red clover. We did not need the manure supplies. We could buy our nitrogen, and we bought it very cheaply. We could grow monoculture corn and corn and more corn, or so we thought. We are now three or four decades away, and herein lies part of the problem as we switch from livestock-based operations to cash-crop-based operations.

With continual washing, we literally washed off most of the topsoil on the upper areas. A lot of the topsoil finds its way to the lower ground; a lot of it finds its way into the streams and river courses and on out into our lake system.

As this sheet erosion advances, we start to see little rills developing. This means the water is concentrated sufficiently with a velocity sufficient to cause the actual picking up and suspending of soil materials and carrying them away, causing these little rills or small gullies. The difference between a rill and a gully is that you can work over a rill and obliterate it with tillage equipment; but not a gully.

The rills continue to form, and we have been finding during the past few years that these rills do not stop with the advent of the crops. We are

finding them taking place almost every month of the summer. As far as this washing is concerned, this slide represents the corn field where a good deal of erosion has taken place.

The handwriting of erosion is very much in evidence, especially so in the months of March, April and May. This slide shows the rilled area, but it is still of no concern with the big equipment that is available. We can make two or three passes with the large equipment, put on our flotation tires, and make that back into a productive unit, albeit less productive.

This slide is not exactly an ideal trout stream but an indication of the washing we get long after spring planting. It is still a rill, but it is very easy to find hundreds of these types of things dissecting the countryside.

As this rill becomes deeper, we have trouble trying to find out whether it is rill or a gully. The gentleman who owns this land sat in on a meeting very similar to this, a rural-urban meeting, before he called me this day to come out and get a picture. He said, "I had a notion to say you were overemphasizing a point." When he got home and took a look at his own farm, he realized that the point was not being over-emphasized.

The white material seen in the front of the slide is last year's tile that was installed. This gully or rill, call it what you like, was more than 4.5 feet deep before he started his seed bed preparation. It is a sad testimony that in many of our areas the first tillage operation in the spring is get in a backhoe or a bulldozer to fill these rills or gullies.

Suddenly, we have a full-fledged gully develop and we cannot fill it back in again. But many farmers say, "Well, they have some value; we can throw garbage in them." This is not good. It is not good from an environmental standpoint. It is not good from an erosion standpoint, because anything thrown into a gully like this simply starts additional swirls and additional erosion that makes it far worse than it was previously.

We have some spectacular gullies developing. This represents a wheat field, you can see. Last winter this particular head of the gully went 120 feet back up into the gully. Let us take a look at downstream. In this slide, you can see the edge of the wheat field and the native grass in the distance. Looking up the other way, this represents 11 acres taken out of flue tobacco production.

The farmer in this area has already spent in excess of \$40,000 during the past 18 months trying to curb the erosion that is taking place.

11 a.m.

I show you this slide and say if you drove by that you would probably think maybe there was something wrong. So do I. Look how far he is from the edge of the field. I often make the caption for this slide, "Do you think that land is rented"?

If you were to drive by this, I am sure you would twig to the fact that either the engineer underestimated the productive capacity of the field or someone made off with the top storage of the bin. You would at least twig that something was wrong out there.

From this slide you see now, would you think the same thing from the soil and water conservation standpoint. We have come a long way from the one-furrow, two-horsepower tractor. I realize it is not two-horsepower, but for the sake of the slide it is. Every time I see a slide like this I cannot help but recall the lines:

"Today we broke on the homestead,

The last of the virgin sod,

And a haunting feeling came o'er me,

That we had marred the work of God."

We have some colossal energy machines out there, and to my knowledge this is the epitome at present. I think, and I stand to be corrected, this is in the Guinness Book of World Records. It is a \$325,000 job, weighs in excess of 50 tons, has 760 horsepower, is 14 feet high and 20 feet wide, and the ad says:

"To fill it with fuel, set the nozzle and go for lunch. It holds 860 US gallons. For your added comfort, there is closed-circuit television. There is a CB radio inside, carpeted, a buddy seat, and for your refreshment there is a refrigerator in the cab."

I am not opposed to this machine at all. I do not favour two-wheel drives over four-wheel drives, any more than I favour a kangaroo over a horse, but I get very concerned with what people do with these machines.

Just because you have big machines and big horsepower units, this does not make the soil dry any quicker; but people think that way. I often make the statement, to get the point home, that perhaps farmers buy tractors like women buy shoes: they buy them to fit their heads, not their feet. We get all kinds of farmers believing that, and they know it is true.

Keep in mind the three things that we want to express in the next few slides. Beware of the three too's: too soon, too much and too deep.

We can get on the land too soon, especially with these bigger units, and this is devastating. You can see the tractor in that slide sidling down the field like a dog going home from a thrashing after someone gave it a kick. I say in all sincerity that we have units out there that can work fields where we cannot walk, because the flotation is so good, and the destruction is so devastating.

This slide represents a field that was ploughed too soon. This is a sandy field that was ploughed in the fall with a high-speed plough. It was a four-furrow plough. The speed of the plough, and the coverage, was such that the inside furrow was throwing soil beyond the outside furrow. The field was ready to plant the day it was ploughed. This slide was taken in mid-November. Think of the destruction and devastation that is going to take place on this land before springtime.

Some of the large-horsepower units allow farmers to back into the fence row and hook on to a number of units and haul around one more time almost every conceivable implement that he had and wished he could use once again. The point of this slide is that it is being done too soon. A lot of our soil requires a few hours, a half day or whatever, depending on the conditions, of drying between one operation and another.

When you have a train unit like this, some other unit comes behind a second or two later, and this is devastating as far as soil structure and soil compaction is concerned. In no way would that same farmer work the land and turn right around and work it again if he did not have the train situation there.

This is a field of corn. If you look closely, you can see the corn rows. It has just been sprayed. This was a 175-horsepower, two-wheel drive tractor. The farmer made the comment to me, "If I had not had the horsepower in the tractor, I wouldn't have got the field sprayed that day."

But it is much too soon, and too deep. With the big units, the big plough and the big equipment, we can root into the subsoil. We can dig into the soil as we never had the opportunity to do before with a team of horses or with small tractors. There is a real tendency, because they have the power, to plough eight, 10, 12, sometimes 15 inches deep, rooting up the subsoil. We don't win. We have troubles enough trying to make an economic operation out of farming the topsoil rather than farming the subsoil.

Basically, unless you are a groundhog, unless you are digging a fence post or building a house, you should stay out of the subsoil. Leave the

subsoil where it is, down below the topsoil. It is too much, just as with the units, with the size of equipment. We have a real tendency to work and work and work the land again. We can go out after supper now with the units we have and work up the 50-acre field one more time.

This was taken in late April; this land was ploughed in the fall and worked six times before the onset of winter, basically for something to do. These were the farmer's own words: "basically for something to do." There is unbelievable devastating compaction. That day we could have landed a 747 in that field. The top four inches were absolutely cement, and it was gumbo down below. Here are some crops trying to struggle through in the situation where compaction has been very rampant.

About 100 years ago now, many of the trees you see along the country roads were planted—soft maple trees, some hard maple trees. There was a subsidy from the government that allowed farmers to buy the trees and helped them plant trees along the front of their properties. Many of these nice old trees you see are maybe a year or two in excess of 100 years old. I realize that progress must be; I realize the roadbed has to be reshaped and reworked and rejuvenated, if you like. But my concern is what happens after this construction takes place. Is the roadside put back? On one side, yes; on the other side, no. This is a well-travelled township road. It was 23 feet from the soybeans on the one side to the corn plants on the other. I am not totally up on my municipal figures, but I don't think the road right of way is 24 feet, or it didn't use to be.

One of the things we should be concerned with is the sedimentation or the deposition of soil that erodes from upstream. Not all of it leaves the farm, not all of it stays. Some of it finds its way into the stream courses to be suspended forever. This represents four acres of corn that were flooded out with sand. It covered them anything up to two feet deep. I could not get the farmer to stay on the tractor this day when he called me out. This represents sedimentation of our downstream neighbours. This represents one aspect, how much you can get and how devastating it is. He was cultivating the field and he tried to go across the low spot and he got into this silt and sand deposit. Three hundred feet to the left, there were gullies so bad that the stream again had eroded out the tile drainage, all in one rainstorm this past year.

What you see is what you get, but not always. What you see is not always the most harmful part. This represents a watercourse coming off

eroding land to the left. You can see the silt and the clay and very fine sand. But keep in mind some of the most devastating things are not what you see but the soluble parts of the herbicides, chemicals—all pesticides if you like. It is not only the muddy waters that carry away the topsoil that are the concern at hand; we must be more aware of the fact that we have an obligation to the rest of the people out there through our concern with pesticides, how we store them, where we store them, how long we allow them to be stored in places where they should not be.

11:10 a.m.

We are concerned as well with winter spreading of barnyard manure. I said all land erodes. So there is no such thing as putting manure on level land that does not erode. When the snow cover goes, when the rains come, it depends a good deal on whether the sun shines for 30 days in a row to soak it in or whether we get a two-inch or three-inch rainstorm on top of frozen ground, which is devastating, as you can see from the ditch left of centre there.

One of the most awesome implements to come into the market is the mould-board plough. The mould-board plough has been responsible for doing more good to agriculture than almost any implement we have, but it must be used in the right place. The very wide-bottom ploughs we now get can turn all the residue upside down. This is bad, bad, bad. This slide represents a very wide-bottom plough, and this represents a type of ploughing. This also is mould-board ploughing, but an excellent job of mould-board ploughing. The furrow was set up on its edge, the residue is still in contact with the surface, and when the land is worked in the spring they are going to incorporate the residue throughout the topsoil, not plough it under.

All lands erode? Indeed they do. Look at the slope, or the lack thereof, on that field. This ditch was cleaned out less than five months before the picture was taken. You can see in the foreground the silt and sedimentation. It is almost due to be cleaned out again before the first planting season rolls around. These lateral gullies, or rills, extended back into the field some 300 to 400 feet. This represents a well-maintained municipal drain or ditch. Vegetation is the key to good maintenance. The buffer strips along the top are the key to good maintenance. Vegetation of any sort helps to hold against the ravages of wind, or especially the water here and the freshets.

There are all kinds of new implements on the

market. Rather than plough the stubble right upside down, they can incorporate it. So-called conservation ploughs or mulch ploughs leave the soil ridged like this. It can catch the water, the snow or the drifting soil and move it six inches rather than move it 60 or 600 feet.

I want to make a plea for windbreaks and shelter belts. Things are dark but not black. I understand from the Ministry of Natural Resources there is a good increase in trees for shelter belts and windbreak planting. This particular windbreak was planted in the spring of 1978. This was another windbreak on the same field in the spring of 1978. This is spring of 1980, and this is spring of 1981, the same windbreak. That is about three years.

The key to good windbreak planting is weed control and keeping the trees watered in the first two or three years. At Ridgetown College we have gone through two years of windbreak research, its effect on soybeans and corn production, and we are having some astounding results. The effects of windbreaks where they are needed is almost unbelievable.

I hope this will revolutionize the need for and the concern for windbreaks. Heretofore we have had to use data from the western US, the USSR or Finland. All of a sudden we have some homegrown data. I think it is a pioneer step for the province and certainly for the Dominion and all of eastern North America. We have some fantastic research to show the increase in soybeans, and corn at least 10 times the height of the windbreak. It is almost too good to keep. We are going to write them up and get them out this year.

There is concern about stream courses and how intensive livestock units gouge and scour. We turn the camera 180 degrees and see this. Someone gets concerned that suddenly the protection is not there along the stream courses, a very vulnerable spot when we allow cattle to graze this way. This represents a waterway. We have dozens and dozens of these per mile in many areas, so why not a grass waterway? We need them; we are going to have to get them. There are a few of them coming on stream. Some excellent ones have come on stream in the last few years. Farmers are getting concerned. There is nothing wrong with the looks of a grass waterway to walk the water downhill rather than having the water gouging out and our having to keep filling in every year.

There is a plea to return to crop rotation. From many farmers' standpoints we are going to have to just get the plough in the ground,

because the land has become so hard they have stopped, taking off the mould-board, dropping back from five furrows to four furrows. They are going to stop increasing the tractor size, so they are going to have to go some other way to return the structure to the soil as we once knew it.

There is a concern for wetlands. There has to be more use for wetlands than ploughing up, dredging up and tiling every conceivable acre. I think it is excellent that some of the concerns are being expressed about wetlands. As aquifers and recharge areas, they are certainly a part of the environment we will have to recognize. To many farmers, leaving some wetland adds more to the farming game than what affects the pocketbook.

I show this slide to give you some idea of the awesome speed at which things can be destroyed. A few years ago you may have had to wait for half a year to get a bulldozer to come down to do some bulldozing. In between times you might have changed your mind. This was a 65-foot white ash. It took about three minutes for a bulldozer to knock it down and push it into a windrow. You can have most of your windbreak or most of your land or most of your work with the bulldozer almost done before breakfast time, as far as speed is concerned.

This is Ontario. This is a ditch where you can see good things. You can see working right to the edge. You can see the wrong slope. You can see what is going to happen in a few days, or certainly in a few months.

This is the same spot just a few weeks before. There has to be some solace here for the mental stability of farmers that you are not going to get from erosion, that you might get from some forested areas.

This too is Ontario. You can see where the roadside fence used to be.

This is still Ontario. This is, or was, a farm pond. Now it is little more than a lagoon on a well-travelled road.

This too is Ontario. It is a few minutes' drive away from the previous scene.

This is Ontario. He is moving from livestock to the cash crop base. Down come the fences. We expand the field sizes. We do things to try to produce more from less. Of course this has a devastating effect on the countryside.

This too is still Ontario, an aerial view of an area where there is great need to reverse the trend. These are soybean fields, the dark ones. Those are blow-out spots you see in the foreground to the right.

Just a few minutes away, this too is Ontario. This is the Ontario I would like to think we are all concerned with. So when you walk around your vehicle, front and back, you realize you perhaps are our biggest booster.

So where do we stand in December 1981? Are we concerned as citizens? There is not much value in a sandstorm, and there is not much value in a gully bisecting good farm land, or a gully filled with garbage. I think farmers are in the very enviable position that they can have their cake and eat it too. They can import all kinds of conservation measures, from working less to working shallower, to planting windbreaks and crop rotations, and not suffer one bit as far as profits are concerned or as far as the value of the real estate is concerned.

11:20 a.m.

Conservation begins with the realization there is a tomorrow. Let me close by asking you a question. It is the same question I ask the students in one of the courses I teach. I never answer the question, and I do not ask them to answer it, but the question goes like this: what do you think is in the heart and mind of a man, long past his three score years and 10, when he plants a tree in the shade of which he knows he will never sit?

You have been an excellent audience. I have appreciated the opportunity of coming here and I thank you very much for the time.

Mr. McGuigan: Thank you very much, Dr. Baldwin. I am sure you must have stimulated some questions on the part of some of the people here so I would like to use a few minutes for questions as they come forward.

I would like to start off with a question of my own. As a preamble, it is hard to get the attention of the general public when we hear nothing but talk about agricultural surpluses, marketing problems and that sort of thing. Is our present production sustainable with our present system? Can we take off the number of bushels and the number of livestock in production that we are now taking off on a sustainable basis?

Dr. Baldwin: There is a little more to it than just on a sustainable basis. In the last few years our technology, our inputs, our fertilizers and herbicides have buoyed up and almost masked the true things that are happening out there. In other words, one says the countryside is eroding. That is true, it is true we are farming subsoils; but in spite of this, we have been able to keep pace to date.

I do not think we will be able to keep pace as long as we carry on this way. We are going to have to face the fact that technology is going to slow down and, as a consequence, production is probably going to slip unless we revert to conservation measures that will allow us to farm for tomorrow, and all the other tomorrows, rather than worry about five o'clock tonight or 12 o'clock tomorrow.

Mr. J. M. Johnson: I have a question. I would assume from your presentation that one of the problems we have with erosion is created by making the fields so much larger. By removing the fence lines and making wide sweeps of fields there is this erosion by wind and water. Is that true?

Dr. Baldwin: Yes. Our natural barriers are gone or are rapidly going.

Mr. J. M. Johnson: I noticed in many of the pictures in the slide presentation that you showed acres and acres of fields without a break. With the farm equipment we have today one has to have long sweeps, but could we not have trees planted as windbreaks in long strips so that the fields, instead of being small, rectangular or square as in the past, could be long narrow strips with windbreaks on each side?

Dr. Baldwin: Yes. I think the whole province needs a veritable network of windbreaks and shelter belts. We would not suffer one bit production-wise, as I said. As a matter of fact, it would enhance production. Your suggestion is right on.

Mr. J. M. Johnson: Even if it produced a loss of production, I do not think we have the choice because we cannot continue with erosion.

Dr. Baldwin: It is not a loss of production. The data we have from last year show that this is working with a 20-foot windbreak, a 16-year-old windbreak. We could show from the soybean standpoint that once we got out to five times the height of the windbreak, the soybean yield increases were such that they paid for the reduction next to the windbreak and also paid for the production loss that the actual windbreak took up. So it is not a loss in production at all. There is a common misconception that says, "Who is going to be concerned with the land it takes out of production?" That is not right; we should be concerned with how much increase there will be over and above the land taken out of production.

Mr. J. M. Johnson: Another point you raised in your presentation was the construction of

highways or roads and the removal of trees. Should it not be a policy of all levels of government—provincial, county and municipal—that when a road is widened and trees removed, the trees should be replaced by them?

Dr. Baldwin: I would like to think the roadway is one of our best sources of water courses, or it used to be one of the best sources of water courses for water running off the fields. The water gets into the roadside and the roadside ditch carries it away to its natural level.

As I said, there has to be progress. One has to widen the road and upgrade the roadbed, but this is no reason not to put the roadside back in its proper place by regrassing, revegetating and, in some cases, even retreeing the area. I think this is a must from the standpoint of good conservation and good countryside, both aesthetic and profit-minded.

Mr. Riddell: Let me congratulate you on an excellent presentation, Dr. Baldwin. I saw the same thing at the Christian Farmers' convention. I think one could see it many times. We must come to the realization that we are really raping the land. I want to commend you on the interest you are taking in connection with these soil erosion matters.

I hope your presentation does not leave the impression that the farmers alone over the last 40 or 50 years have been guilty of raping this land. As you well know, farmers follow the advice of people like yourself who are doing research. You all know that at one time, perhaps when you and I went to college, monoculture was the thing. Farmers were told they should follow this practice of growing corn after corn as they have been doing. It seemed to be the thing at that time. You well know the government provided a grant to enlarge fields and the farmers made use of that grant. That is exactly what they did; they enlarged their fields. They took out the old fence rows and things of that nature.

The point I want to make is I do not want the people who are reporting here today to put headlines in the paper that farmers have been guilty of raping the land over the last 40 years. In many cases they have been following the advice given to them by our colleges, our universities and researchers such as yourself.

I can well remember, when I went through college, the professor getting up and saying there is no reason we cannot grow corn after corn by monoculture. Now we have to get away from that. There is no question in my mind we have to get away from monoculture. The

government comes in with a grant to get the farmers to enlarge their fields, out come the fence rows, we have the wide open spaces you see there and now we are running into wind erosion problems.

I guess my question to you is: do you feel the farmer is the one who has caused this or has he simply been following advice as he has been in connection with the borrowing of money? Farmers are in trouble now because they probably overborrowed, but at the time they were encouraged to expand.

We can go back to the 1960s when the report called *The Challenge of Abundance* came out. It was a report commissioned by the government and the recommendation was, "Expand, get bigger or get out." The farmers did that. They borrowed the money. They expanded. Now with interest rates where they are, they are in trouble. Have there not been outside forces that have got some of the farmers in the trouble they are in today and have caused some of the land conditions we see today? Is this not a result of advice farmers have been taking?

11:30 a.m.

Dr. Baldwin: I mentioned this switch after the Second World War from livestock to cash cropping. In a livestock-based operation, especially before there had been nitrogen fertilizer, one could probably grow corn maybe one year in four, one year in five or two years in six or seven.

All of a sudden we realized we could do it differently. One has to make decisions with the facts at hand, and the facts at hand at the time made it look as if one could grow monoculture corn. Now we are a couple of decades older, and I hope a couple of decades wiser, and we realize the soil humus and the soil organic matter act in strange ways.

Once one starts to grow monoculture corn, one can take the best and most friable soil—soil in best physical condition after a livestock rotation where the forage has been down three years out of five—one can start into that field and for the first few years one can do almost anything to that soil. Whether it be relatively level land or sloping land, it does not erode and it produces well.

All of a sudden things look rosy, and they did two or three decades ago. Then the awesome reality hits that there is a certain finite tolerance limit to the humus content, which is the decayed organic matter. When the fields are enlarged, the gates are down, the cattle beast is gone, then the structure goes and it goes very quickly. This

is land one could punish severely or try to punish in the first few years after starting monoculture. All of a sudden the structure goes and one is in a totally different situation. It is a long way back.

With the facts at hand two or three decades ago, the decisions were probably right at the time, but time being what it is and wisdom being what it is, we have realized the soil structure did not behave as we thought it was going to behave. There was no other place in North America or in the world on similar, glaciated soils such as we have here, so we have to realize that what we thought we could do, we cannot do. My concern is that we respond to the situation and the concern at hand today, which is a concern I am sure we all share, rural and urban alike.

Mr. McGuigan: I think I will go ahead with my remarks on this subject. I hope we can some day lead up to presenting this to the cabinet. The member for Huron-Middlesex (Mr. Riddell) and I have been presenting our concerns to the Minister of Agriculture and Food (Mr. Henderson) over the last three or four years and we realize we have to go beyond the Minister of Agriculture and Food. Your ministry is the starting point because we see in the excellent presentation you made to us that you carry all of the resource sectors of our economy.

As the member for Lake Nipigon (Mr. Stokes) has stated, it goes beyond the resource economy; it goes into the social economy and our presentation today has touched on the social aspects of it. Our aim is to try to convince you, the people on your staff and eventually other members, of the problem, and to reach the cabinet, because the final solutions lie in its approach to this whole problem. I would like to go over a bit of the history of it—

Mr. Stokes: Before you get to that, I was almost prompted to ask a question of your friend who made that excellent presentation. It brings it home to one, particularly to someone like me who comes from an area of 114,864 square miles with, I think, two farms. Forgive me if I am ignorant of the things you are talking about.

I want to say to the member for Kent-Elgin (Mr. McGuigan) or his friend who made that presentation that I suspect he was really talking to the farmers. There is a municipal responsibility and a provincial responsibility, but in keeping with the things that Mr. Riddell said, that was directed to the farmers because they have it in their own hands to turn it around in spite of all

the advice they got, albeit professional advice, from the agricultural community. It has to start with the farmer, does it not?

Mr. McGuigan: I hope to answer that in my presentation. The farmer is only one part of it. He is the most visible part, but I hope to answer that.

To give a bit of history, I guess the continent that today is most illustrative of the food problem is the continent of Africa. In the last 10 years, food production per person in Africa has gone down about 14 per cent. Africa can no longer feed its own people. They are starving to death, as you see every day on the TV. At one time, Africa was a very large food producer. Most of the Sahara Desert was a food production region. If you simply read the Bible and the history of that area and look at the ruins of cities and so on, that was once a very productive area. It was overgrazed, overfarmed and is even expanding today at the rate of anywhere from four miles a year to 20 miles a year.

One of the big problems in Africa is firewood. People in the cities go well over 100 miles to bring back firewood. They are denuding the land, so you have this thing gradually progressing. But in the last 10 years their food production per person—because this reflects expanding populations as well as decreasing food—has gone down 14 per cent.

In Europe, we have not had that great problem, largely I guess because of the feudal system that grew up in Europe whereby landlords never sold any land. They realized land was the source of their wealth and power, so they kept it and parcelled it out in very small parcels to people who lived in abject poverty. These peasants paid as high as 70 per cent of their production to their landlord so that he could live like a king. All the castles in Europe were built on the backs of those peasant farmers.

It did have one effect: it preserved the land. They broke it up into very small parcels with the ownership and control in one person's hand. They were very definitely looking to the future because they were looking to the maintenance of their own barony, their own family.

Fortunately, North America was discovered about the same time that population pressures in Europe were building up. So we had a relief to the European pressures. Some 20 million people have emigrated from Europe to North America. These people, of course, were denied ownership of land even though they may have saved

money to buy land. It simply was not for sale. It is not for sale today in Europe. You cannot buy land over there with money. You have to—

Mr. Stokes: They come over here to buy it.

Mr. McGuigan: They came over here to buy it. They brought with them an attitude that: "My family has been denied land for generations. I now have the opportunity to buy this land and it is my land, absolutely my land and nobody is going to tell me the manner in which I should farm and how I should do it" and so on. That is a little bit of the overall historical background of what has happened.

In the 1800s, colonization started in North America on the east coast. People cut the bush down, grew their crops and used the native organic matter that was in the soil to bring along their crops. As soon as they ran out of the fertility, they simply moved on to fresh land. It was a mark of the ability of your family in those early 1800s to be able to say, "I have ruined six farms by moving from farm to farm." Of course, the country was so huge that it did not seem to matter.

We came into the 1930s, sort of the modern day, with two problems. One was the dust bowl in the prairie lands. I am sure some of us here are old enough to remember books like Steinbeck's *The Grapes of Wrath*, the story of how those people had to leave Oklahoma. The soil was blowing away and they went to California. We had it in western Canada. Many of the people who went out there and broke up the prairie soil were forced to come back to Ontario in the 1930s. I am old enough to remember those people coming back to Ontario.

We solved that problem fairly quickly. Those prairie soils or grassland soils, after the millions of years of grasslands, have roots that go down as deep as 30 feet in the ground. The organic matter was deposited deep in the ground so we have soils there that are 30 feet deep. Simply by changing farming practices—they went away from the mould-board plough, they brought in the disc plough and they incorporated the straw in the surface just as Dr. Baldwin showed in the pictures here—they have pretty well solved the soil drifting problem in the west.

11:40 a.m.

The other thing in the 1930s, and if you are old enough you will remember, was floods on the Mississippi River. The United States Army got into the act and built big levees and big drainage systems and controlled the flood situation fairly well. We do not hear so much

about the Mississippi River flooding today. In eastern North America, in the Appalachian areas, we had a bad situation with very small farms growing crops on mountainsides and being subject to erosion. The Tennessee Valley Authority came in and did a lot of work, and a lot of make-work schemes during the Depression provided money and jobs for people and largely corrected a lot of those problems so that the problems disappeared.

It was very popular in the late 1930s and the early 1940s to talk about soil erosion. It disappeared through the 1950s and we put the problem behind us. Then, as Dr. Baldwin said, we had cheap nitrogen after the war. I should explain that to grow a bushel of corn, which is the most efficient crop we can grow, one pound of nitrogen is required. We now have yields of up to 150 bushels per acre so they come up with a requirement of 150 pounds of nitrogen per acre. Formerly, that was supplied by the manures that were applied, organic matter, as a result of livestock operations.

Further, you get a natural deposit of about four pounds of nitrogen a year coming out of the air. Following every lightning storm, a little bit of nitrogen is produced by the lightning. If you have ever been close to where lightning strikes there is a strange smell caused by production of ozone and nitrogen. You get about four pounds per year. So the source of nitrogen to grow about a 60-bushel crop of corn, which is what we grew before the war, was from natural nitrogen and from the stored organic matter in the soil and from manure.

Suddenly we did not need that. We had cheap nitrogen built up by plants during the war because nitroglycerine was the basis of explosives. At the same time, the Turner Valley in the west opened up with oil. Nitrogen is a strange substance or chemical. Pure nitrogen will burn, if you remember your high school chemicals. We used to keep little bits of nitrogen in a glass of water, you would pull it out of the water and it would immediately burst into fire. It has to be combined with other chemicals. That other chemical is hydrogen and we end up with ammonia— NH_3 , I think, is the chemical formula, N for nitrogen and H for hydrogen.

We get hydrogen from two sources, one from hydrocarbons, from gas and oil, and this came about with the oil and gas industry in Alberta. They had the hydrogen there as a byproduct, really. Here in Ontario, the other source is from electricity. By passing an electric current through air, you could knock out the nitrogen. It is also tied up with hydrogen.

From those developments—electricity in Ontario, gas and oil in the west and the war—suddenly we had this big supply of nitrogen which led to an absolute explosion of corn growing and production in southwestern Ontario where we have good soil, soils that are adapted to it, and good climate. We have a system of measuring the climate in southwestern Ontario in heat units. Where I come from, I think it is 3,300 heat units per year. A little further south in Essex county it goes as high as 3,400. Around the Toronto area, we are probably 2,900 or so heat units.

Mr. Stokes: Contrast that with 90 frost-free days where I come from.

Mr. McGuigan: Along with that, we had breeding programs. The corn companies got into the act and bred much shorter-days corn. When I was a kid, corn was really only grown in two counties, Essex and Kent. Today, it is grown as far away as Ottawa and there is even talk about growing corn in the area Jack Stokes is talking about. They are trying to produce corn that will grow in that climate. We have corn that grows in southern Manitoba, southern Alberta, and again putting pressure on southwestern Ontario where we grow the seed, they are growing corn in Quebec and the Maritimes.

Kent, Essex and Elgin are becoming the counties that produce the seed. It is very lucrative but it is putting pressure on the soil. We find ourselves with this problem today, and we might ask ourselves why the sudden interest, as Jack has mentioned. When I was going to college at Guelph, we were just on the edge of this business of talking about monoculture. A few years later I was in an organization of the provincial government, the Agricultural Research Institute, whose duty it was to allocate money for research and to look into the future and plot the progress of Ontario agriculture.

Just at the time all these forces came together—the nitrogen, the plant breeding, especially in corn, and the possibility of this business of monoculture—one particular chap who just resigned the other day, was very enthusiastic about corn production. He said that by ploughing down the corn stover or the stubble from the corn, we were adding as much or more organic matter to the soil as we were taking away. Suddenly, we had a situation where we could go to corn as they grow wheat and barley in western Canada. The market was there too. This was the other aspect of it.

Other countries, especially Third World countries, gradually joining the industrial age and

having the money and the great population explosion, had the money to provide the market for all of these products.

A new generation of young farmers came on the scene and a great many people, getting into the social field, said that farming was no longer a way of life, it was now a business and you applied business tactics to it. It was simply a matter of getting a profit out of agriculture. I never agreed with that. I always fought against it. I can say today that I told you so but that does not particularly make friends. It does bring me a certain amount of satisfaction to be able to say I at least saw what was coming.

If farmers were simply businessmen, we would not have people bankrupt today because they kept borrowing the money to produce crops and livestock. A businessman would have halted long before these people who are causing the great fuss today halted. A businessman would have halted and said: "That is the end of that. I lost 10 per cent of my equity this year; I lost 20 per cent of my equity last year, and I had better quit before it is all gone."

11:50 a.m.

But because farming is a way of life and because these people got locked into the system, they did not halt. They built up big livestock enterprises. They would go to the bank and they would get half a million dollars, a quarter of a million dollars. In many instances, as my friend the member for Huron-Middlesex can tell you, farmers went to the bank and said, "I want \$50,000 to go into a hog enterprise." The banker would say, "I will not give you \$50,000, I will give you \$200,000."

We are not looking for scapegoats, people to blame. That is not our object here today, to try to find people to blame; to find political people or segments of the industry to blame. Our purpose is to try to bring this to the attention of the minister, who is sort of superminister over all of these segments and to find solutions.

But this is what has happened. These young farmers came along and they had to go to larger farms from the traditional 100-acre farm that we had in southwestern Ontario, up to about a 400-acre farm. They went into a great deal of debt to buy the farm and they went into debt to buy this big equipment, because another factor came along as far as agricultural research was concerned and that was the matter of getting the crops in early.

When I was a kid we used to say that May 24 was the time to plant corn. Research revealed that for every day after May 10, you lost a bushel

per acre. If you planted on May 11, on an average of say 200 acres, you lost 200 bushels. That was translated in the early days to \$200. Today it translates into \$600 for every day's delay on that many acres. Many people today have 1,000 acres of land. They start in April to prepare this land, long before it is ready, but the emphasis was on getting it in early. The emphasis was not to preserve and look after your soil, the emphasis was on planting it early.

There are people in my county who plant in April. They will take a chance on the corn being frozen, and once in a while it is frozen by a late spring frost. Nevertheless, they take that chance to try and beat May 10.

The other thing that came along was chemical weed control. Prior to the chemical weed control system, one man and his family could not look after much more than 100 acres of crop land, because he controlled his weeds with a cultivation system and there were only a very few days to get those weeds before they got away from you. Once they got above a certain height you could not control them and you had to take into account that there would be rainy periods when you could not get on the soil with a cultivator. That constraint was removed when we came along with our chemical weed control system that allows a farmer to go out and very quickly cover his whole acreage with chemicals.

We are finding many unexpected results are coming out of this thing. As Dr. Baldwin has said, we did not anticipate the breakdown of the soil, the way it has come. We did not anticipate the erosion, nor did we anticipate the failure of the weed control system. We are finding now that on many of those grey hillsides where the soil has eroded, weed control does not work. This was not anticipated at all.

The way the weed control system works is you plant your seed, you follow that up with a chemical covering over the top of the soil. Your corn seed is usually planted about two inches deep. The chemical is put on top of the soil. You hope to get a little bit of rain to take it down in the soil and germinate the weed seed that is in that top half inch or so. If this occurs, you kill the weed. The deeper growing plant comes along a few days later and grows up through that area, but by that time the organic matter in the soil has neutralized the weed killer. There is no organic matter left in those hillsides, so when the corn plant or bean plant comes up through, it gets killed itself.

In addition to that, we are now finding we have developed weed species that are not killed

with our present materials, so we are frantically trying to get new chemicals that will kill some of these species of weeds that are resistant to the chemicals.

So what we have is not a question of trying to find scapegoats, trying to blame people for the present situation. We are trying to bring it to the attention of the federal government. We realize a lot of the problems are federal. We are also trying to bring it to the attention of the provincial government and to the attention of municipal governments; to the attention of the farmers themselves and to the public. I have outlined some of the farming problems, the technical problems that have appeared in the last few years.

I will give some of the background in other areas, one of which is the banking system. If we go back to the 1930s, we had moratoriums on farm debts at that time. The banks could not collect their debts, so they backed out of the farm business as an area where they were willing to invest money. So we had an agriculture industry that was constrained for many years because they could not get credit. Then in the 1950s the banks realized that suddenly there was a big area of investment; there were new markets. This big machinery was required. The land value was escalating at a tremendous rate.

My family sold one of the best farms in southwestern Ontario in 1958, and that is not very long ago, for \$380 an acre. There was lots of land going at the time for \$50 an acre, but we sold a farm for \$380 an acre. I do not think you could buy that farm today for any amount of money, but if you could put a price on it, it would probably run around \$6,000 to \$7,000 an acre.

Suddenly the banks realized they were very safe in investing money in agriculture, because the basic equity was there. So interest rates become a matter of concern in this whole system because higher interest rates, especially those that have been applied in the last three or four years, put tremendous pressure on the farmer. He cannot exercise his social responsibility even though he knows he has that social responsibility to be a steward of the soil. The money pressures on him are simply so great that he cannot resist.

My friend from Huron-Middlesex is the most vocal one on the matter of foreign ownership. We have money coming from Europe, it is really political money that is fleeing. They see the instability of the political system in Europe and nothing could illustrate that more than the

present troubles in Poland. These people are coming over here not simply for a good investment, although it probably is a good investment, but they are coming over for political reasons to get that money out of Europe.

There is other money that is coming to escape taxation. I guess the Europeans have been much more enterprising than we have been in this part of the country at escaping their taxation system over there. They put the money into Swiss banks and move it over here to escape the taxation system, so we have that pressure.

12 noon

We have our system of land taxes whereby farm land is seen as wealth. This is a very natural thing. One of the principles of our whole taxation system is that you tax those who are able to pay taxes. It is not just a question of whether or not it is an equitable system. We have something halfway between what is equitable, and that is in progressive income taxes, and we have the other half of our system, which is who is able to pay taxes. So we tax gasoline, cigarettes, tobacco and all these things where we see there is a constant demand and it is very easy to put those taxes on. Whether you are rich or poor, you pay the same tax. We see farm land and buildings as being real property, with real value and that person is able to pay taxes.

We had a move a few years ago of trying to go to market value assessment. It has many good features about it because it is one way of taking away from the assessors the decision of whether this house is worth so many thousands of dollars. It would leave it to the market to determine what is the best way of putting an assessment on that house. It is very attractive from that standpoint, but on the other hand it puts pressure on that house, that farm or that resource to generate money that must come out of the system before the farmer is going to pay for his place, before he is going to send his kids to school and provide for his old age.

It is tied in with the taxation system and it is also tied into the inheritance system, of how a farmer passes his farm from one generation to another. By assessing inheritance taxes, it puts a charge on that farm land that it must pay for itself every time it is rolled over into a new generation. In recent years, we have made a good deal of progress in that area. We have largely deferred inheritance taxes. As long as the land stays in farming, those taxes are deferred. They are not eliminated, because if and when that family does decide to take their leave from farming or sell it for some other purposes, all the tax bills come due.

I am not really up on what the changes in the recent federal budget have done. According to the popular press, they have taken away some of those advantages of rolling the farm over and they are putting some of the charges back on the land. So those policies also impinge on this whole business.

The other thing that puts pressure on it is the use of farm land for purposes other than farming. It is part of the history of our whole civilization that every city in the world is established on good farm land. Why else would you have a number of people come together and build a little cluster of homes, if it was not for the fact that it was easy to produce rice, wheat, corn or whatever crop in that immediate vicinity? The cities began on a river and the river system was usually good farm land because of the sorting effect and the geological effects that established the river there in the first place. It also established good land around it.

In my own country, the city of Chatham on the Thames River was established because of the river. In fact, the colonists came up the river from Detroit. If you were in southwestern Ontario, you would think it was simpler for the colonists to come by the lake and go inland, but they did not. The first colonists went to Detroit and then up the mouth of the Thames River and established the city of Chatham on some of the best farm land in Canada.

The natural thing, once a city becomes established, is to get a water system, a sewer system and all that infrastructure. The cheapest expansion is immediately on the edge of the city. We have very heavy land seven and eight miles out that is much less productive than the silt soils along the river. That is why the argument is always made to move all the subdivisions eight miles out but, when you look at the economics of it, no one wants to move out there.

The cost of building in that heavier soil where the drainage is poor is high, and it is not as desirable a place for a house. For the same reason, it is not quite as desirable a place to grow crops. Then there is the question of providing sewage service, libraries, churches and all those services, and most people have to drive seven or eight miles back into Chatham to work.

We see cities expanding all over Ontario, and they expand on to good farm land, the number one class soil we have. They stay away from the third-, fourth- and fifth-class soil that is farther away. So the influence of land-use policies is also part of this picture.

The attitudinal aspects of it have changed too. We have come to believe in the great unlimited expanse of science. We look at our yields going up from 60 bushels an acre of corn to 150. The average in southwestern Ontario is probably around 110 bushels. We see a steady increase in yields of about two per cent a year. How can yields go up two per cent a year? You are shown it is a horror story such as we saw on the screen.

I want to pause at this moment to say those are not isolated incidents. Dr. Baldwin did not search around to find isolated incidents. This is general through southwestern Ontario. You probably won't see it as much when travelling on Highway 401. For one thing, you are busy watching the road. Highway 401 has a very wide roadbed. If you want to see it, ride on a train, as I do in the spring and winter months. When looking out of the train window, you are looking right into the fields.

Mr. Stokes: You are lucky you have a train.

Mr. McGuigan: Yes, we are. We lost one, though. There were five a day, and now there are only four. But we are scheduled to get more as they bring on the new supertrains.

You really saw it this past spring, because it was a very heavy, wet year. Fields had not really shown a great deal of erosion, at least not massive erosion, until the past two or three years. That was what Dr. Baldwin was saying. It has not been a steady progression. We had maintained a plateau, and then suddenly the soil was just scooting away from us.

People say science will solve the problem. Science does not have very far to go right now. We have gone about as far as we can by way of fertilizers. We may have exceeded ourselves in the way of pest control; we have weeds and insects now that are resistant.

I do not know how many of you are familiar with the Mediterranean fruit fly business in California. One of the things it has probably done is it has stopped Governor Brown from becoming president of the United States. He was really headed that way. He was the boy wonder of politics. Many people looked upon him as a future president of the United States. Now it is highly unlikely that he will be re-elected.

What they had in California was a massive expansion of the citrus industry; this is taking a crop and growing it in a new situation where it does not have any of the natural enemies. The natural enemy, the Mediterranean fruit fly, was not there. So they just had a huge area of that

crop begging for an insect to come in and infest it. The Mediterranean fruit fly came in and went through it like wildfire, with no natural enemies.

12:10 p.m.

The environmentalists resisted the use of chemicals until they had a disaster on their hands. The Japanese said, "We won't accept your citrus fruit." That is one of the big markets of recent years. A tremendous market has opened up in Europe and Asia. They said, "We won't accept it." The other states in the United States, Texas, Florida and even states that grow fruit crops other than citrus, became afraid that this Mediterranean fruit fly would move into cherries, peaches and so on; they said, "You cannot bring your fruit into our area." So they had an agricultural disaster.

Brown relented and they went in with a massive spraying program. They hope they have it contained, but they do not know whether they have. It is a question of whether the human population can stand this continual spraying, whether it is safe for the human population to continue, or whether it is political. The politics could become just as bad as the safety, because people are very concerned about populations being used as human guinea pigs. So the science end of it is beginning to break down.

There are only two areas of frontier in agriculture for the scientists to reach breakthroughs in. The first is the matter of nitrogen. There is another source of nitrogen, and that is clover crops. There is a symbiotic relationship of organisms that live on the roots of soybean, clover and alfalfa crops. They are able to extract nitrogen out of the air. A crop of alfalfa can extract 120 pounds or so. When you plough that crop down, the next year you have enough nitrogen to grow a crop of corn.

What we need to find is a corn plant that would itself support nitrogen-fixing bacteria. We need to find wheat and other crops that will support a nitrogen-fixing bacteria. We might be able to do this with the new science of gene-splicing and that sort of thing that is going on. That is one area of breakthrough we need.

The other area of breakthrough is the fact that our plants absorb only one per cent of the energy from sunlight. There are two crops that absorb about two per cent, the sugar beet and sugar cane. That is the reason those two crops

store and put up such large amounts of sugar in their systems, which we have been able to extract and use as our sugar.

Mr. Stokes: Only to find out you've gone out of business.

Mr. McGuigan: Right.

Mr. Riddell: We lost our sugar beet business here in Ontario. We won't say why.

Mr. McGuigan: But most of our crops absorb only one per cent of the energy. So you are asking science for tremendous breakthroughs if we are going to continue this business of solving all our problems with scientific achievements. What I am suggesting is that we cannot rely on science to solve all our problems. We have to look at the situation as it exists today and try to figure out a way of sustaining these yields.

Another pressure that has been brought to bear on us is the question of oil pricing. Prior to 1973 and the Arab-Israeli war, we based our agriculture on cheap oil. So what we were really doing, as shown in the pictures here, was using the energy of oil to produce food crops.

Depending on whose figures you care to listen to, scientists are fairly even in their assessment that for every calorie of energy we take out of a crop—calories are a way of measuring the heat value in coal, oil, fats and carbohydrates in our food—for every calorie that we produce on our modern farms we put about nine calories into the system. The Chinese coolie, bending his back in the rice field in China, is reputed to put out 50 calories for every one in.

While we have an agricultural system here in North America that is very efficient in its use of manpower because we have been able to free our people up from farming—when I graduated from college about 25 per cent of the population in North America was engaged in farming, and just in my lifetime it has gone down to four per cent and it is going to three; in fact, I think if it came down to the really hard core of people who are producing most of the food, it would probably be two per cent of the human population. We have done this through great inefficiency in the use of energy. We are getting one calorie out for anywhere from six to nine put in.

Our agricultural production has now become very expensive. The price of oil, again, is putting pressure on the lands, on the operators, to try to pay for the land, machinery and profits. That is another whole area. It seems to me we have to look back to what many people would say is a backward step, to go back to a farming system where we generate more of the energy on the

farm itself. I am really not talking so much about turning crops into alcohol as I am about feeding livestock on that farm. This saves you taking the grain to the mill, where it is dried and processed. It is then shipped on to a livestock producer hundreds of miles away, at great cost.

What I am talking about is feeding the livestock that feed on the farm. You save the drying cost, because it can be used in its natural form, and you save all those processing and transportation costs. You keep the manure on the farm, rather than being concentrated at a big livestock feeding lot hundreds of miles away, where they have the pollution problem of getting rid of the manure.

Many people would say I am talking about stepping back into the bad old days, but I think we have to consider these sort of things in the light of sustaining our production and in the light of sustaining a social system on the farm.

Mr. Stokes: Are you saying that the traditional farmer has to do a little bit of everything rather than specializing? That is the only way it would work.

Mr. McGuigan: I see it that way. I know there are not too many people who agree with me, but I see it that way. I think Dr. Baldwin agrees with me. The great body of opinion is that you do it with this huge mechanized system.

I remember asking a question when I was a member of the Agricultural Research Institute of Ontario. One of the colleges was coming to us wanting a large amount of money to buy cattle, put up barns and test out a feeding system. One of the things they discovered over the years was that the old method of testing the feed system by putting four cattle in a pen and giving them one system of feeding and four in another pen and giving them another system of feeding really did not give them any useful information. All they were really testing was the genetic character of the four cattle.

If you wanted to get into a system that eliminated the genetic factors, you had to use hundreds of cattle and put them on the various feeding systems. The experiments became large and they wanted large amounts of money.

12:20 p.m.

During this conversation, I finally spoke out and said, "Do you suppose we should be thinking about a system that would show how a farmer on a 200- or 300-acre farm could devise a system of feeding 50 or 100 cattle efficiently, that worked in well with his system and accomplished many of the things we are talking about

today?" They laughed me out of the room. That was not the modern way of doing it. I submit that we should be looking back at that former system.

Mr. Stokes: It gets back to my earlier question. One has to convince the farmer.

Mr. McGuigan: One has to convince more than him. We have to convince all of society that there is a problem, that we cannot sustain these yields and that it is largely irreversible. When that soil is gone, it is gone. There is no reversing the process.

Mr. Riddell: There is an attempt on the part of the government now to control erosion, and that is what used to be the old capital grant program. Now the emphasis is on providing money to the farmer to do that very thing, to put in grassed waterways and things of that nature. It is an indication that governments can have a responsibility. Rather than give out money so one can continue to enlarge fields, pull out old fence rows, clean up wet bottoms and things like that, they have gone back to money for soil erosion purposes. They can play an effective role.

Mr. McGuigan: The Minister of Agriculture and Food is starting to recognize the problem. The move that the member for Huron-Middlesex talked about is one positive move, but it is such a timid, small step. Much more has to be done.

In the Ministry of Agriculture and Food estimates, it was pointed out the money that has been allocated for that program has not been taken up. The farmers are not using it because it is a system of matching grants. Because this is a long-term business, and because farmers are pressed so hard to pay off their debts, they are not taking their 50 cents, even though they are going to get another 50 cents free to go into this program. They have more pressing problems.

We come to a point where we have to start using a lot more of the carrot-and-stick approach. People are very reluctant to use the stick, because farmers do not like to be told how to farm their land. The moves that have been made so far have been very timid.

I want to touch on one other problem that is putting pressure on this business. In 1972, the Russians made a great change in policy. Russia is the biggest agricultural producer of grains in the world. We seem to think we are the breadbasket of the world here in Canada. We produce about 40 million tons of grain in

Canada. Russia shoots for about 215 million tons. In recent years, it has only been getting about 170 to 175 million tons.

Because Russia is now a modern, industrialized country and most of its industry has been devoted to war and the production of war materials, the people who are working in those factories—you see it in Poland—are educated enough to have achieved an industrial economy and demand meat. They are no longer willing to eat cornmeal, rye bread, wheat bread or cabbage. They want meat.

I must explain that the Russian grain lands are very poor lands; they are in a bad climatic zone. We hear a great deal in the United States about the bad management of their collective system. I do not think much of the collective system myself. I visited China a few years ago, and I saw the collective system working there; it is a bad system. But, in addition to that, they have bad weather in Russia. They are prone to shortages.

One of the statements I read was that the best lands in Russia in the northern areas where they are now growing grain are equal to the worst lands in the United States, which are in North Dakota. None of them is equal to the corn belt in the United States. They are prone to these crop failures besides having bad transportation, a bad storage system and so on.

They made the decision in 1972 that, instead of tightening their belts and killing off their livestock as they had always done in previous times, they would now import the grain because their population demanded it. One sees that happening in Poland. Look at the Polish people on television. They are quite well dressed. I have been amazed; they look fairly prosperous. Once or twice I have seen some of the Polish peasants. They look horrible; they are in rags.

Part of what one has in Poland is a worldwide problem of putting emphasis on industry and taking emphasis off agriculture. We have that here in North America with expanding populations and expanding expectations of wanting a constantly better standard of living. With our big multinational companies such as Chrysler, International Harvester and Massey-Ferguson, as soon as they get into trouble the money is available immediately.

Because agriculture has been put on the back burner, we have to have these terrible demonstrations. We have to have long periods of study, task forces and all these sorts of things. We try to placate the agricultural society with a bit of money for cow-calf people and a bit of money for the beef people. We put a little money here and there.

We have a system where our emphasis is on industry or big companies. Big unions are able to get their way. Agriculture is put in the background. I am here to tell you that it is not sustainable. Governments, industry, unions, professional people and even farmers themselves have gone overboard. I am not letting anybody off the hook. Some of the farmers themselves have visions of wanting to farm the whole township or the whole county. There seems to be no limit to their expansion plans. One sees the trouble it has got some of them into.

I think I have touched on just about everything that goes into this business. There was a book written back in 1938, about the time I was in university in the 1940s. I do not think a thing has happened in those intervening years in the way of taxation policy, marketing policies, stabilization policies, grants, inheritance, tenure—our land is old—that is not in that book or is not forecast in that book written back in 1938.

Mr. Stokes: Who wrote it?

Mr. McGuigan: The US Department of Agriculture has a series. Each year they choose a subject and give an exhaustive study of that subject. It was called *Soils and Men*. It was written by many authors back in 1938. I imagine it is still the Bible of a lot of people who have been concerned about soil matters.

Mr. Stokes: We have forgotten nothing and we have learned nothing.

Mr. McGuigan: Do you still use that book, Dr. Baldwin?

Dr. Baldwin: We had it updated first.

Mr. McGuigan: It is like big presses and big machinery.

What is the time? We have about five minutes. Are there any questions people would like to ask?

12:30 p.m.

Mr. Lane: I would like to say that I enjoyed the discussion this morning, both from my friend the member for Lake Nipigon, the recent speaker and the gentleman who presented the slides. It was interesting, informative and necessary. However, I would like to point out that I do not think we can say that governments, whether provincially or federally, can be responsible for bad management.

A good deal of what we saw on the slides this morning, and a good deal of what Mr. McGuigan was talking about, really is bad management.

The point has already been expressed that farmers feel they have bought and paid for a piece of land. It is their own and they want to do what they damn well want to do with it. They do not want government or anybody else telling them how they should do it.

I think the Minister of Agriculture and Food, the government of Ontario and the government of Canada have a responsibility to try to get dollars to help educate people and provide subsidies for worthwhile programs and so forth, but we have lots of businesses going bankrupt because of bad management.

I am the first to say that we should have more money in our budget for agriculture because there is not nearly enough, but I point out that we cannot necessarily blame government for

bad management; nor should it be responsible for picking up the tab for bad management any more than it should in industry.

I appreciate the contribution made this morning. It was great, but I do not think we should hold the government responsible for bad management. In many cases, that is what has caused farmers to get into trouble.

Mr. Chairman: I think we are out of time today. Tomorrow evening, we will give the minister an opportunity to respond to both critics and then have the rest of the time for questions.

Mr. McGuigan: I want just a few minutes for the overview. I really have not given an overview; I have only talked about the soil.

The committee adjourned at 12:32 p.m.

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Baldwin, Dr. C., Ridgetown College

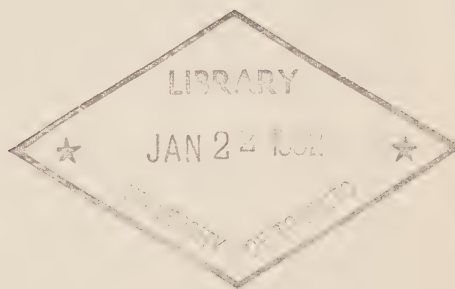
Ontario, *LEGISLATIVE ASSEMBLY*

No. R-19

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Resources Development Policy



First Session, Thirty-Second Parliament
Thursday, December 17, 1981

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, December 17, 1981

The committee met at 8:03 p.m. in room No. 28.

ESTIMATES, RESOURCES DEVELOPMENT POLICY

(concluded)

On vote 1801, resources development policy program:

Mr. Chairman: I recognize a quorum. We have about two hours. I would just like to remind the committee that at 10 p.m. we are to debate and vote on the motion that was introduced last Tuesday. Mr. McGuigan had asked for another 10 or 15 minutes. Is that correct?

Mr. McGuigan: That is correct.

Mr. Chairman: I think that's really fair.

Mr. Stokes: We have got the Niagara Escarpment, and I want some answers to some things I raised.

Mr. Chairman: I think that's fair. The minister must have some time to respond.

Mr. Stokes: I have got railway time here. You have got 10 minutes.

Mr. Chairman: All right. Mr. McGuigan.

Mr. McGuigan: As I said before, I'm giving my overall criticism backwards and when finishing up now, first of all, I want to congratulate the minister for assuming the job that he has. As we look over the list of people and ministries that he has under him and the various concerns they have, we can see it certainly is an onerous job.

I thought a bit about some of the comments that Mr. Stokes made about looking to you to be the conscience for the resources development policy field. I don't think we want to be unfair by laying too heavy a burden on you, because perhaps that burden belongs on the shoulders of the Premier (Mr. Davis) rather than of the Provincial Secretary for Resources Development.

Nevertheless, rather than charging you with the responsibility of being the conscience, we could say that we hope you will use that role to the best of your considerable abilities. I think today we saw an example of a minister assuming responsibilities for the actions of other people. We know, from a practical standpoint, a minister

cannot keep his finger on everything that happens, yet the lines of authority are drawn so that the minister must assume that responsibility. We saw you do that today, and I think that is a very good omen.

As critics, the burden is also on us to act as a conscience, and we are going to try to do that to the best of our ability. As both of us are new to this particular job, perhaps we don't have as many things to offer as we should, but I assure you, Mr. Minister, if I continue in this position for another year and I assume that you will, we will be in a better position to make some value judgements next year. In the meantime, we certainly wish you well.

I just want to make one further comment about your position, and that is that I notice among your many onerous duties you have the task of co-ordinating our relations with the Indian people. Certainly, I am not much of an expert in that field. I have one Indian reserve in my riding, the Moravian reserve, founded in the late 1700s by the Moravian order. If I recall correctly, that was a religious order that came from Czechoslovakia and established a community and a church on the banks of the Thames River. It was the site of one of the battles during the war of 1812. Tecumseh was supposed to have lost his life in just about that area.

I have had limited contact with these people until this past year, and the reason for that contact was actions that were taken by the Minister of Natural Resources (Mr. Pope) regarding the fishing rights of those native people. I accused the minister in his own estimates of taking the opportunity of cracking down on a group of Indian people who weren't in his backyard—they were a long way away—to show his authority and how he is taking charge. I think he did crack down far heavier than the case warranted.

I just want to tell you that unless some measures are taken to try to re-establish some good relations, next spring when it is pickerel spawning time and the Indians are faced with a question of whether they are going to take some of those pickerel, there is going to be a very

nasty confrontation which I think could be avoided if he used a little more common sense. I guess perhaps that would be best.

I hope he has learned from the experience, and I certainly hope that nothing happens. You can count on me to try to do all I can to alleviate the situation.

8:10 p.m.

I do wonder, though, if having this responsibility is simply adding too many burdens to all the responsibilities you have. I am not in a position to judge, but I wonder whether we need a ministry to take care of all of these interests, because we do seem to be getting into more confrontation, not less, with our Indian people.

I realize that matters of resources development policy certainly impinge directly on our Indian people; such as fishing rights, hunting rights and matters of the environment, where through our industrial activities we despoil their environment, but we also have many social problems.

I raise the question of whether we should have a minister who would take all of those problems under his area and enlist the help of the Indian people. He could give them positions within the ministry to do more of the teaching, social work and policing.

Some steps have been taken in policing. I understand they have been outstandingly successful. I don't think we can continue to make our judgements on them from our culture and say they have to conform to our culture. We have to realize that they are not going to do that, and we have to recognize the values of their culture. It seems to me if we do that we will be able to pull more of them into the orbit of looking after themselves.

I agreed to cut off in 10 minutes. I hope I have done that. I just wish the minister well in all his endeavours.

Hon. Mr. Ramsay: Thank you, Mr. McGuigan, for those kind remarks. I hope when you come back next year that you will feel the same way. I certainly intend to work towards that objective.

I will comment on what you have had to say tonight, then I will move along to what you had to say yesterday, and then I will move to what Mr. Stokes brought up on Tuesday evening.

Looking at the secretariat itself, you referred to some of the responsibilities and so on. Like any new minister, when I went in there I tried to take a good look at the responsibilities, the functions and the mandate of the secretariat. I tried to streamline the operations, and in some

manner I think I have been successful in introducing some new initiatives and new directions, as any other minister of the crown would have done in a similar situation. I think it is healthy to have a change in ministries so that sort of thing happens.

One of the areas in which I discovered some real problems, though, was the co-ordination of native affairs, and this refers to one of the points that Mr. Stokes also raised the other night. My deputy, who then was Mr. Gerry Raymond, told me that he was spending about 60 per cent of his time on native affairs. He had two policy advisers who were spending 100 per cent of their time on native affairs. These people, in a sense had been seconded from positions where they had been actively involved in the secretariat problems before. In other words, we have lost two secretariat positions and gained two native affairs positions. We found that we had a tremendous work load as far as native affairs was concerned.

We have put a proposal to Management Board of Cabinet that was approved. It gave us a little additional staff—not much, but a little additional staff—and changed our terms of reference somewhat. It will enable us, I hope, to stop things from falling through the cracks. Mr. Stokes, I don't know whether you used that expression or not, but it was running through my mind when you were talking. You were wondering about the overlap and whether things were falling through the cracks. That was what was going through my mind.

That is what I sincerely hope we can do and what I think we are doing. For example, Mr. McGuigan, you made reference to the mediation process now going on at Whitedog. My responsibility was not to prepare the response or the proposal to the band but to co-ordinate the response to the band.

I found that was not a simple task, because there are so many ministries involved in that response such as, in this case, Treasury, Attorney General, Natural Resources, Northern Affairs and so on. I think, with a little additional staff and a different mandate, we will be able to handle those responsibilities more efficiently.

You mentioned a ministry of native affairs. I have discovered, attending a meeting of ministers responsible for native affairs across the country, that some provinces do have that position. I am not sure that is necessary at this time in Ontario. I certainly will be able to give you an opinion on that by this time next year.

The responsibilities for native affairs cut

cross so many ministries. For example, just as you were talking I started to write some down. I am sure you can correct me or you can add additional ones. The Ministry of Culture and Recreation plays a big role.

Mr. Stokes: No money, but a lot of responsibility.

Hon. Mr. Ramsay: What money there is seems to come from that ministry. There is the Attorney General's office, which has been particularly busy of late with the matter of aboriginal and treaty rights. There is also the Ministry of Intergovernmental Affairs which, incidentally, funded this summer a large conference of the Ontario Métis and Non-Status Indians Association held just outside my riding and about a mile from where I live at Garden River.

The Ministry of Northern Affairs is involved. The Ministry of Revenue gets involved in the taxation problems. The Ministry of Community and Social Services is heavily involved. There is the Ministry of Health, the Ministry of Education and so on.

There is a role to play in trying to co-ordinate all the activities of those ministries and to be able to catch those things Mr. Stokes referred to as falling between the cracks. We hope to do that, and I know we are going to make a real effort towards it.

I would like to move on to your comments on soil erosion, Mr. McGuigan. That was a most interesting presentation by Dr. Baldwin. In fact, when I got back to the House yesterday afternoon, Mr. McNeil, my seatmate, was all bubbly. He is a farmer and the parliamentary assistant to the Minister of Agriculture and Food (Mr. Henderson). The first thing he said to me was, "You know, that is one of the best things I have ever seen in committee." I was pleased to have that reaction, and I am pleased you took the initiative to have it brought here. It was kind of Mr. Stokes to permit that presentation.

It is not the first time, though, that the resources development policy field has heard about that problem. For example, there is a little booklet put out by the Ontario Institute of Professional Agrologists, which made a presentation to us on June 11.

A lot of the remarks I am going to make cross over between the two of you. There is another role the secretariat plays. One of the areas in which we have tried to take some new initiatives is to try to hear more from public groups. We also try to hear more from government groups.

The first hour of each meeting now is

dedicated to hearing from boards and commissions or particular departments within a ministry. For example, today the first hour of our meeting was devoted to the Ministry of Municipal Affairs and Housing. We heard about such things as the Ontario Housing Corporation, the Ontario Mortgage Corporation and so on. We discussed things like the Townsend development, rent-geared-to-income housing, senior citizens' housing and so on.

8:20 p.m.

The last part of our meeting this morning was devoted to a presentation by the pulp and paper industry; so we had an internal group and an outside group. In this case, we heard from the agrologists. One of the spokespersons for the agrologists at that time was Dr. Baldwin. What he had to say was not completely new, but he did it in a very impressive fashion.

I would like to comment briefly on what the government has done and what it is proposing to do in that respect. I am not presenting it on the basis that we have done a wonderful job or anything like that. It is a report. It is not a comment or an opinion.

For several decades, various government ministries and agencies have carried out a variety of programs designed to control erosion of land and sedimentation and pollution of waterways. In the latter 1970s, efforts to intensify some of these programs coincided with the release by the International Joint Commission of reports on the effects of land-use activities and water quality. They are known as the PLUARG reports, or Pollution from Land Use Activities Reference Group reports. These reports are currently being reviewed by the federal and provincial governments.

Until these reviews are complete, the Ministries of Agriculture and Food, Environment, Natural Resources and Municipal Affairs and Housing concluded that soil erosion and sedimentation programs could be strengthened by improved co-ordination and the priorities assigned to the allocation of manpower and resources to the problem.

In 1980, an interministerial group of the above ministries was formed to undertake an investigation of programs in Ontario dealing with soil erosion. The group reports to the land-use committee. To bring you up to date on some of the activities of the secretariat, something I am going to try to do throughout my remarks this evening, the chairman of the land-use committee is one of our policy advisers.

The interministerial group submitted its first report to the land-use committee in August of this year. In providing an overview of the situation in Ontario, the report concluded that there are four basic forms of erosion: river bank, sheet or field, gully and wind-induced.

The recently completed PLUARG studies have identified the most actively eroding areas of southern Ontario as the agricultural lands of the west-central and southwestern areas of Ontario. Of course, we heard that yesterday. Expenditures of manpower and funding for erosion and sedimentation control have been focused in southwestern and west-central Ontario.

The Ministry of Environment's programs are not directed particularly at erosion and sedimentation. However, co-operative drainage basin studies conducted with other agencies have contributed research to stream bank and field erosion. The ministry's environmental assessment and planning program also addresses sediment through general abatement as part of the review or approval process for certificate of approval.

The conservation authorities and fisheries programs of the Ministry of Natural Resources are stream design principally to meet objectives to deal with floods, erosion control and fisheries. Conservation authorities and the Ministry of Natural Resources collectively spend approximately \$4.5 million annually on stream bank erosion control.

The Ministry of Agriculture and Food's program is directly related to field soil conservation. Annual expenditures under this program amount to approximately \$1 million under the food production improvement plan. A new, \$2-million annual program to enhance municipal drain maintenance will assist in further reducing stream bank erosion.

There is also a trend for individual farmers to change cropping and cultivation practices to minimize field erosion, but the magnitude of these efforts is difficult to assess. In addition, some benefits are also derived from the tile drainage loan interest subsidy program, which provides approximately \$2 million annually in assistance.

In summary, about \$6.5 million is spent annually in direct or incentive programs aimed at stream bank erosion. About \$1 million is spent annually on field erosion control.

The interministerial group concluded that legislation, policies and objectives are in place to carry out nonregulatory erosion and sedi-

ment control programs. However, more explicit government policies regarding the erosion and sediment control programs are necessary to provide co-ordination and direction to the different agencies involved.

The land-use committee has requested the interministerial group to propose modifications and improvements for the consideration of the cabinet committee on resources development. A further report is anticipated in the new year, will pass that along to you for your information. I have a copy here for Mr. Stokes too.

I would like to move on to the questions and points raised by Mr. Stokes. I think the first one, if I recall correctly, was an inquiry about the cost of the two presentations we had here on Tuesday evening. The audio and slide presentation cost approximately \$30. There were 140 slides, but those were all borrowed from various ministries. We had to make up only the three title slides; they cost \$10 apiece, and it was all done by staff.

Maybe I threw you off a bit, Mr. Stokes, when I referred to assistance from one of the personnel of Natural Resources. He did that on a personal basis because he worked for me in Sault Ste. Marie at one time. He was here on a voluntary basis.

The film *The Giant's Rib* was produced for the Niagara Escarpment Commission in 1976 by David MacKay. The Niagara Escarpment Commission receives approximately 50 requests per year for group showings. They estimate approximately one million people have seen the movie since it was produced. The total cost in 1976 was \$40,843. I have a bit of background in that area. One could not come anywhere close to producing a film such as that for that cost today. I would say it was even reasonable at that time for the production qualities in it. I think it is worthwhile.

Mr. Stokes: It was very good.

Hon. Mr. Ransay: Yes, I think it was worthwhile. Incidentally, I am sure the Niagara Escarpment Commission would make it available for anybody who wanted to see it or use it.

Moving along, you asked whether there is a conflict between functions of the Ministry of Northern Affairs and the Provincial Secretariat for Resources Development. I would like to think there is no conflict. There is nothing but the greatest co-operation. Northern Affairs has a rather unique role. I am not saying anything you do not already know, but it actually is a member of all three policy fields.

All three policy fields meet at the same time

on Thursday; so Mr. Bernier has a difficult job spreading himself around three meetings at the same time. We meet a little earlier than one of the others; so I know it not unusual for him to attend our meeting and then go to the other or something like that. His is the only line ministry that is in more than one policy field.

There are two fundamental points which differentiate the role of Northern Affairs from that of the secretariat. First, the Ministry of Northern Affairs was created with a particular mandate to provide the residents of northern Ontario with greater access to the decision-making process of the Ontario government and to improve the delivery of government services to them.

In both respects, the ministry performs a co-ordinating role. The ministry's officers act as brokers for the solution of problems involving the Ontario government and the provision of government services. That is why the Ministry of Northern Affairs attends all three of the policy field committees.

Second, to fulfil its role in the delivery of certain services involving the quality of life in northern Ontario communities, the Ministry of Northern Affairs is responsible for an annual capital budget involving assistance to northern communities in the administration of Department of Regional Economic Expansion projects, particularly in that part of the province.

Meanwhile, the mandate of the secretariat involves the development and co-ordination of resources policies for the entire province and not one area exclusively. Neither is the secretariat responsible for a budget to fund capital projects. Such a function would conflict with the principles established at the formation of the policy field committees.

Here is one example of what I am trying to say, Mr. Stokes. A couple of weeks ago, I was approached by representatives of the town of White River, which was having serious problems with its sewage and water. As a co-ordinating minister, I set up a meeting with Mr. Bernier, his officials from that part of northern Ontario and his advisers, the reeve of White River, their consulting engineer and so on. I attended that meeting myself. I will continue to follow up in the hope that I can be of some assistance in a co-ordinating way.

I believe your next question dealt with who is co-ordinating the Detour Lake project and what the present position is regarding environmental assessment. As I understand it, an exemption to the Environmental Assessment Act was granted

on June 24 of this year. The road construction up to, including and even after—help me here. What is the name of the river? The Kattawagami River? Is that correct?

Mr. Stokes: It sounds about right.

Hon. Mr. Ramsay: Fine. We do not have anyone here who really knows, do we? We can stumble through it.

8:30 p.m.

The road construction up to and including that river crossing is being co-ordinated by the Ministry of Transportation and Communications. Two contracts have been let thus far. One contract was awarded to Leo Alarie and Sons, and that section of the road must be completed by late spring 1982 in order that access is available up to the final section, up to the river that we mentioned. The other contract is to Labelle and that is the end of the Pierre Lake road to the start of the Alarie contract.

Two further contracts will be awarded; one, for the bridge, is expected to be let within the next few days, I understand, and then one for the final section of the road through to the river is due in the spring of 1982.

Mr. Stokes: You missed my whole point, though. All I am saying is that there does not seem to be any co-ordination, inasmuch as that work is going forward and the Royal Commission on the Northern Environment is in the process of completing an environmental impact study. What is the purpose of it all? The work is going ahead anyway; so it is not designed to say whether it should proceed or whether it should not proceed. It is going ahead.

Hon. Mr. Ramsay: The secretariat has not received any report yet from the Royal Commission on the Northern Environment with respect to—

Mr. Stokes: That is my point.

Hon. Mr. Ramsay: You made your point. What is the secretariat's approach to single-industry resource towns? Because the economic basis of single-resource industry communities is so vulnerable, a need for continuous monitoring by Ontario government ministries is essential.

In May 1981, the cabinet committee on resources development approved terms of reference for a committee of senior civil servants to maintain a watchdog brief on these communities, particularly in northern Ontario, to identify their various stages of development and economic health, to prepare a co-ordinated list of government services available to these com-

munities, if the need arose, and to provide recommendations for assistance where needs are identified.

The ministries represented on the committee have had previous and ongoing experience with single-resource industry communities, either through their field officers or through services provided. Although experience has indicated that each community has problems unique to itself, a checklist of factors affecting the economic health of communities in trouble was considered worth while. Examples include the diversity of economic base, what other industries or potential industries are nearby, the degree of retail services and other commercial activity existing in the community, the number of persons unemployed and for how long, relocation and retraining possibilities.

Important at the time of economic difficulty is the financial state of the community, what revenue earning capability remains, what is the degree of debt outstanding for infrastructure or other facility development and, above all, what is the general morale or spirit in the community itself. Experience has shown again that communities that want to help themselves survive the best in a period of crisis or economic downturn.

Having said that, can I turn, strictly by accident, to this letter that arrived on my desk today? I did not solicit it; I did not talk to Mr. Bernier about it. It is a letter to me from Mr. Bernier, with a copy to the Premier. Mr. Bernier summarizes the assistance provided to the community of Atikokan. I thought this was an excellent example of what can be done for a one-industry town, a town with its problems resulting from the loss of its economic base. I hope you will bear with me while I read it; it is not very long and it makes an interesting story. It is a story that I was aware of, but when you see it summarized, it is even more impressive.

"The fight to save Atikokan is not yet over, but already many strategic and tactical lessons have been learned that promise to be useful elsewhere. In this regard, the Municipal Advisory Committee of northwestern Ontario commissioned a report entitled *The Atikokan Story*, which documents the entire series of events from prior to the mine closure to the end of 1980. In case you have not already seen this, I have enclosed a copy."

He is soliciting my observations and recommendations. He forgets that I was with him at the time that that report was released up in Atikokan; so I was there first hand to receive a copy of it at the time that they officially released it.

Mr. Stokes: Was that the one that was commissioned by MAC and done by Bob Michels?

Hon. Mr. Ramsay: Yes, that is right.

"The Atikokan Story reinforces a number of conclusions which had been reached by my ministry, with respect to the prerequisites for constructive action in this type of community situation.

"The first and foremost requirement is the spirit of determination and willingness to pull together among the community leaders and the local population. This spirit is very clearly evident in Atikokan, but it was not always present, and it took time to develop and required a great deal of hard work on the part of key local people to maintain. In the absence of such commitment, no amount of senior government assistance is likely to be effective.

"Secondly, there is a need to very thoroughly explore"—and this is what you were saying the other night, Mr. Stokes, exactly what you were saying. "Secondly, there is a need to very thoroughly explore the entire range of employment-creating strategies and options and to concentrate upon those which seem most likely to yield results." In fact, I thought maybe you had written that, but I know better.

Mr. Stokes: He interviewed me for two hours.

Hon. Mr. Ramsay: Oh, he did, eh? Okay. Certainly I thought there must be something there.

"It is in this area that senior levels of government and their agencies appear most able to help.

"In Atikokan nothing was overlooked and, as a result, progress was made in a number of key areas. Ontario Hydro committed construction of its new generating station just north of the town site. The Ministry of Transportation and Communications, with funding provided by Northern Affairs, is pursuing construction of the Bending Lake road to access timber needed to supply the sawmill and to eventually facilitate development of the Bending Lake ore body.

"With funding from my ministry, the Minister of Natural Resources carried out a hardwood inventory and geological surveys, and is operating a local geological consulting service. The hardwood inventory confirmed an assured popular supply which resulted in an expansion of the Pluswood Manufacturing Limited particle board plant and the creation of new job opportunities. The geological thrust has precipitated significant exploration and mine development activities in the Atikokan area.

"To further support the community in its search for new jobs, my ministry is sharing with the municipality in the cost of operation of the economic development commission. This commission has sought to exploit every possible development opportunity in manufacturing, tourism and local service industry. The Ministry of Northern Affairs is also sharing with the chamber of commerce the cost of the tourism co-ordinator to explore and promote opportunities in that section of the local economy and has partially funded a transition counsellor who assisted individuals and families affected by the mine closures.

"My ministry has also supported the municipality in developing a small industrial park and a modest industrial mall building. I am pleased to say that at last report three of the five units in the mall have already been rented, and the tenants are currently installing their equipment.

"The third key element was the lead ministry concept which, as you know, was applied in Atikokan at cabinet direction. This proved, I believe, to be a most effective means of obtaining interministry co-operation, commonality of purpose and ensured that red tape was minimized and response time shortened. While I am naturally very proud of my own ministry's performance in the lead role, I want to fully acknowledge with gratitude the co-operation and extra effort displayed by the other involved ministries. It has been a model example of a combined operation with a common goal.

"The final point to be made is that it takes a very long time, notwithstanding dedicated concentrated effort by all concerned, to plan, implement and bring to fruition new job opportunities in a community such as Atikokan. For adequate preplanning, I suggest a minimum of five years' lead time is required. This clearly indicates that all sizeable established communities with an insecure base"—and this again is relative to what you were saying in your comments the other night. "This clearly indicates that all sizeable established communities with an insecure base should be looking as far as possible into the future and taking action well in advance of the actual predicted need."

I think that is an excellent example of what the government can do for a single resource—

Mr. Stokes: You can add one thing to it. Look into the possibility of firing the generating station, which is going to be coal-fired by Ontario Hydro, by using peat that is indigenous to the area.

Hon. Mr. Ramsay: I believe you wrote to Mr. Macaulay on that, didn't you? I have a copy of that letter back.

Mr. Stokes: He said he is waiting for some initiatives from the Ministry of Energy.

Hon. Mr. Ramsay: That is right. We will follow up on that.

Mr. Stokes: What else is new?

Hon. Mr. Ramsay: The tripartite process: this is going back a bit to your point and also what you raised initially. In your remarks, Mr. Stokes, you refer to the fact that I had indicated that the commitment of the federal government was not really there. I apologize. Those remarks were misleading, because that is not the case at all. My opening remarks may have been misleading in regard to the commitment of the federal government to the tripartite process in Ontario only in regard to one issue.

I want to correct the record on this. It is only in regard to one issue, and that is the jurisdictional responsibility for services to status Indians that all three parties agreed in 1979 that, because of the Canada-wide implications of this matter, this question must be addressed in a national forum rather than attempting resolution with only one province. That was my reference. It was out of context and was not drafted properly.

8:40 p.m.

There is a strong federal commitment to the tripartite process in Ontario. In fact, and I stress this point, it is considered a model for such mechanisms in other provinces and is the most active tripartite process currently in Canada. The three parties are continuing to examine and seek mutually acceptable resolutions to a number of other matters, including hunting and fishing rights, access to and development of wild rice, delivery of social services under existing agreements, policing on reserves as well as implementation of a consensual approach to identify and settle Indian land claims in Ontario.

I would like to give you an example of the tripartite working. We had a meeting of the tripartite council on Monday afternoon of this week. It ran from four o'clock until about 7:30 in the evening. It was chaired by Mr. Justice Hartt. In attendance were the Honourable Alan Pope and myself representing the province, the Honourable John Munro and the Honourable Roméo LeBlanc representing the federal government. There were various Indian groups from across the province as well.

The main item on the agenda that day was an

attempt to reach a memorandum of understanding for a six-month period on hunting and fishing rights. I must admit that we held a little advance meeting on Monday at noon in my office. None of us in attendance at that meeting was too optimistic about being able to establish too much progress.

Thanks to some give and take on all three sides especially by the natives—I was particularly impressed with two or three of the suggestions they made; they were excellent suggestions which were accepted by the Honourable Mr. Munro and the Honourable Mr. Pope, who were the two primarily concerned with fishing rights.

The Honourable Mr. LeBlanc was there, mind you, but his responsibilities lie on fishing rights only in international waters. But we managed to get—perhaps I should not say “we,” because I cannot say that I played too much of a role in it—the group managed to arrive at the basis of a memorandum of understanding. It was just delightful. Everybody walked out of that meeting with a glint in their eyes and a feeling that the process could work.

The memorandum of understanding was first prepared by the Indian commission under Mr. Justice Hartt. That served as the basis. The Ministry of Natural Resources came back with its draft. The natives came back with their draft, and they wound up taking the good points out of all three and winding up with the basis of a memorandum of understanding.

Mr. Stokes: Is it possible for the committee to get a copy of that so we can understand it?

Hon. Mr. Ramsay: Yes, we would be happy to get it for you. Mind you, this was the basis. They are going to meet again. It was also agreed that this project would have to be completed within six months. It was also agreed that the native people would prefer to talk to the ministers, I am beginning to believe, rather than staff. They wanted people there who could make decisions.

So it was agreed. Mr. Munro agreed, and I thought it was excellent on his part because his responsibilities cover all of Canada. He is on the go but he agreed that he would attend. Will you please correct me if I am wrong, Mr. Thatcher? You were there, I believe, at three out of the six meetings. Mr. Munro agreed, and Mr. Pope and I agreed that we would attend at least three meetings within that six-month period.

Mr. Stokes: That is so important, because if they do not meet with the ministers they think they are getting the runaround.

Hon. Mr. Ramsay: Yes. That's right. Not only was that just a delightful moment, and although I don't think it was definitely established, I believe we started to talk in terms of doing the same thing on wild rice. Is that not correct, Mr. Thatcher?

Mr. Thatcher: Yes.

Hon. Mr. Ramsay: We said, “Let's come up and see if we can use the same system.” Not all the native bands are interested in wild rice, but for those who are interested, it looks like that is going to occur too.

If I had not been at that meeting or if the meeting were next week, I do not know what I would have said to you tonight in answer to your comments. It is just coincidental that I can come here and report some progress and an excellent feeling in that meeting. I want to give credit where credit is due, and I think Mr. Justice Hartt deserves a tremendous amount of credit in getting us all to that point.

Mr. Stokes: It is too bad he still isn't on the Royal Commission on the Northern Environment.

Hon. Mr. Ramsay: You brought up several points about the economy. I think you took exception to my remarks, as is your right, in that I was maybe trying to paint a “rosy picture.” I was not attempting to do that at all, and I would refer you to my opening statement. I can understand why you would not have this, since those are my scribbled notes that I inserted before a paragraph in the written report that you have; so if you were going over the written report—

Mr. Stokes: I couldn't do that while you were doing it. It was an audio-visual presentation.

Hon. Mr. Ramsay: Here is what I said at that point: “I am not going to be so naive as to sit here and try to tell you everything is just great in Ontario. These are difficult economic times and there are major problems confronting us all as legislators.” I was not trying to paint a rosy picture. What I was trying to do is indicate some of the positive things and some of the things that have happened in Ontario this last year, and I would like to follow along on that.

You were talking particularly about the pulp and paper industry. What I was going to say to you that night, if we had gotten to it, was that, as the provincial secretary, I am also a member of Management Board policies and priorities group and the Board of Industrial Leadership and Development; so I believe I am in an enviable

position of being privy to a lot of the incentives, planning and so on that is going on within the government.

There have been several initiatives under BILD, particularly in research and development. There will be some announcements on those in the near future. In fact, at a BILD meeting yesterday morning we approved support of a project that I am sure you will be very pleased with when it is announced. It follows right along exactly with the recommendations and the comments you were making to me the other evening.

There is no doubt that the economy of Ontario is less than buoyant at this time. It is currently a total North American phenomenon and is affecting the manufacturing sectors the hardest, most especially in southern Ontario. Most economic forecasts predict a turnaround by the second half of next year, indicating that the present decline should be short-term. I just say amen to that and hope it is right. I did hear today, and I have not seen a newspaper or listened to the radio or anything yet, that the interest rates dropped a bit again and that the inflation rate was down a bit, but I do not have any details. You probably know more about that than I do.

One of the surest signs of confidence in the future is the level of new business investment. To quote from the Treasurer's (Mr. F. S. Miller) opening remarks from his ministry's estimates:

"In 1980, despite a drop in output, total business investment in Ontario grew at 18.8 per cent. Investment in manufacturing grew even more spectacularly at 34.5 per cent, substantially outstripping the national rate of 27.7 per cent. The 1981 survey of business investment intentions conducted by Statistics Canada suggested business investment growth in 1981 will continue to be strong."

8:50 p.m.

Ontario's growth in the future, particularly in the resource sector, will remain heavily dependent upon the US economy, as was mentioned by the Conference Board of Canada. The conference board mentioned that Alberta, spurred by a turnaround in petroleum production and exploration, will have the highest rate of growth next year. Ontario manufacturers should also benefit from this growth and in particular should participate in hardware supply and contract work for the megaprojects of the 1980s. Last year, the Conference Board said Ontario would have the lowest economic growth

rate of all provinces in Canada and was proved wrong when Ontario's growth rate was the fourth highest.

Perhaps the most important factor affecting Ontario's future economic development is the government's ability to create the right environment for development. Government restraint is one way to create this environment. The government's record need not be elaborated on except to say that over the past six years the number of Ontario government employees had been reduced by about 5,000 or nearly six per cent.

More significant, the aim of the government is to provide the kind of stimulus that will encourage private businesses to expand their own investment intentions. The best example of government stimulus was the incentive grant program. I did mention this the other night, and I bring it up again only because of the fact that we met earlier today with the pulp and paper industry. As I say, the best example of an incentive grant program was that for the pulp and paper companies, primarily in northern Ontario, from the employment development fund. The investment was for modernization and pollution control equipment. The result will be more internationally competitive capability. Ontario grants of \$118.8 million, plus another \$60 million from federal government DREE funds, were enough to stimulate more than \$1.5 billion in capital expenditures by 20 Ontario pulp and paper mills by the end of 1984.

Of significance is the fact that the investment was for modernization and pollution control. As I said the other night, and it bears repeating, there was an 85 per cent Canadian component of all goods and services for this capital-intensive program.

This morning, the cabinet committee on resources development met with the Canadian Pulp and Paper Association. Some of the conclusions reached by the association—and this is in direct answer to the questions you asked the other night—were that Canada faces good long-term market opportunities. Canada is the largest newsprint producer in the world and is the largest exporter of manufactured forest products. It ranks second to the United States in wood pulp production and is second to the Soviet Union in softwood forest resources.

Current conditions in outlook are that 1981 is a period of reduced worldwide demand, profit margins and cash flows. By the latter half of 1982, a recovery could be under way, bringing with it a gradual improvement in demand for pulp and paper.

In the area of research and development, which you brought up the other night, Mr. Stokes, the industry is providing for better and more complete use of the forest resources, improving product quality and increasing the quantity and quality of the forest harvest. I did not ask for these figures; they just came out this morning. In real terms, not in inflated dollars, the industry increased expenditures on R and D by 4.6 per cent in 1980 and by 33.8 per cent in 1981. These expenditures helped to ensure that Canada's and Ontario's forest products will continue to remain in the forefront of world markets. I refer you to the fact that there will be some BILD initiatives announced shortly that will enhance those figures.

A similar outlook is expected for Ontario's mining sector. In 1982, slackening world demand will cause slowdowns in the first part of the year, but significant expansions will also occur, offsetting the decline. For example, Rio Algom Mines is expanding production from 7,000 tons to 10,300 tons per day. Denison Mines at Elliot Lake will expand production from 10,000 tons to 21,000 tons per day. Campbell Red Lake Mines will expand production from 820 tons to 2,070 tons per day. Dome Mines in Timmins will expand production from 2,000 tons to 3,600 tons per day, and at Detour Lake production will initially start at 2,000 tons per day.

Further assurance of long-term development in northern Ontario is the establishment by the Minister of Industry and Tourism (Mr. Grossman) of a machinery co-ordinating facility in Sudbury. Through this co-ordinating mechanism, representatives of resource firms, equipment manufacturers, labour and government will identify manufacturing opportunities for Ontario production that is now largely imported. That is another BILD initiative.

Concerning the greater use of wood products for specialty products made of wood for sale in gift shops et cetera, I can only reiterate what my colleague the Minister of Industry and Tourism said during his estimates, which is that his domestic marketing branch is continually trying to identify import replacement opportunities for any products that can be manufactured in this province. I agree with my colleague, however, when he says that we should be placing our major emphasis on import replacements of medical and health care equipment, pulp and paper machinery and mining equipment, which I have just mentioned.

There is something else of a strictly coincidental nature. The president of the Algoma

Steel Corporation was in my office on Tuesday of this week. He wanted to talk about different matters, none of them of a parochial nature. They were not relative to the fact that I am the member for Sault Ste. Marie; they were of a general nature, again in the capacity of the secretariat.

He was referring to some figures and some information, and I will not read it all. This was something he had prepared for his board of directors. I asked him if he would mind if I had a copy and used some of it during the estimates, because I thought it was rather encouraging. This is what I was trying to say the other night. There are all sorts of real problems in this province economically, but there are areas of strength, areas of development and growth.

Mr. Stokes: He brings most of his ore in from Michigan.

Hon. Mr. Ramsay: Well, that's another story. "Ontario's three integrated steel producers, Stelco, Dofasco, and Algoma, produce 80 per cent of Canada's annual raw steel output. They are 95 per cent Canadian-owned and in 1980 provided direct manufacturing employment totaling 52,000 Canadian jobs." This says "Canadian", but we all know that the three major steel companies out of four, and the fourth is a rather weak one, are all in Ontario; so basically this means Ontario.

"Sales in 1980 totalled \$5 billion, and payrolls and fringe benefits were \$1.5 billion. The Canadian steel industry is unique among western world industrialized countries. Canadian raw steel production in the first half of 1981 was approximately 127 per cent of the 1973-74 production rate, compared with the European Economic Community, Japan and the United States, which were 80 per cent, 83 per cent and 86 per cent respectively.

"The Canadian steel industry performance shows steady and increasing production in employment patterns, which are in sharp contrast to those of steel industries in other western world industrialized countries. Direct employment for Stelco, Dofasco and Algoma has grown from 39,000 jobs in 1970 to 52,000 in 1980. This growth does not include the many thousands of jobs created in support industries and in steel-related secondary manufacturing operations.

"Capital spending for the three companies during the period 1971 through 1980 has totalled approximately \$3.3 billion, and each company is currently involved in the largest capital spending program in its history."

It does not say so in here, but I am aware of the fact that Algoma Steel is spending \$350 million this year. They are scheduled to spend \$350 million next year, and they are projecting expenditures of a like amount for the next several years. For your information, the work force at Algoma is now very close to 12,000 employees. This is a major growth in the last few years. The diversification and modernization has permitted Algoma to be extremely competitive. If there is a slump in one area of demand for steel products, they seem to be able to pick it up in another.

For example, they are now building a major expansion to the tube mill. That tube mill, when it is completed in a couple of years, will create job opportunities for 350 more people. So it is a very healthy situation. On a parochial note, if I can, I feel very fortunate to be representing an area like Sault Ste. Marie as compared to some of my colleagues around the table here who represent areas that do have economic problems.

I would like to move, in conclusion, to matters you raised the other night on the mediation process. I do not know how far you would like me to go on that, Mr. Stokes. Since then—

Mr. Stokes: Do you mean the Islington bands?

Hon. Mr. Ramsay: Yes.

Mr. Stokes: Just go over that. We have had a fair bit on that.

Hon. Mr. Ramsay: That's fine. As I say, I was prepared to go into it, but okay.

9 p.m.

Mr. Stokes: No, just comment briefly. I mentioned the Fort Severn thing by way of highlighting where the Indians fall between two stools. I mentioned commercial fishing and fur. I know we have at best only another hour, if those intruders come in.

Mr. Chairman: Are the intruders you are expecting from your party?

Mr. Stokes: Yes. If they come in it will cut half an hour off the normal time. But if you would touch very briefly on those, I won't say another word.

Hon. Mr. Ramsay: I hope you don't feel you have to. I must say—I am not trying to be flattering or anything, I am just stating a fact—I have been very impressed with both your knowledge and concern for the native people. Before I got into this secretariat and become

responsible for the co-ordination of native affairs, you recall I called you this summer and asked to come over so I could pick your brains. I hope I have the opportunity to do so again, because I need all the input I can get.

Mr. Stokes: That is what this place is all about, if most of them would only understand that. They do not seem to, for some reason or another.

Hon. Mr. Ramsay: You mentioned a number of problems native people face in the north; for example, the high cost of transporting fish from the remote north, the difficulties Indian trappers experience because they may sell their furs to monopolies such as the Hudson Bay Company, and replacement of boats and motors out of Fort Severn goose-hunting camp.

These problems are all issues that fall under the program responsibilities of the Ministry of Natural Resources and, as such, the secretariat is not directly involved, but I do not want to use that as an excuse. I think we should get a little more involved, and I fully intend to. For example, the federal-provincial resources development agreement provides funding assistance to a number of goose-hunting camps in the remote north and has provided assistance to native trappers as well as to native fishermen in the remote north. Perhaps it would be useful, Mr. Stokes, if you could talk to the Ministry of Natural Resources about these concerns, or I will take them to the ministry on your behalf.

The role of the secretariat with respect to co-ordination lies in the area of corporate policy decision, as I have already said. One suggestion I would like to make—you have been doing this to a great extent lately, and I appreciate it—is that you would kindly send me copies of letters you direct to your colleagues. That gives me an added chance to be of assistance to you.

Mr. Stokes: I have one other thing I was going to read into the record. It is a very sensitive thing about a social problem with our native people. I shared it with one of your staff, who kindly suggested what I do with it, and it was positive. So I will do that. I will share this with you.

Hon. Mr. Ramsay: That concludes my summation.

Mr. Chairman: Perhaps the two critics can help the chair with a little direction. Do you wish to carry this vote and go on to the Niagara Escarpment Commission, or leave it open?

Mr. Stokes: Let us leave it open and pass it all at once. I do not know how long the commission presentation is.

Hon. Mr. Ramsay: There is no presentation.

Mr. Chairman: They are just here to answer questions.

Hon. Mr. Ramsay: The presentation was the other evening when we had the film and I made my comments.

Mr. Stokes: Let us leave it open and see how it goes. Whenever we have to, let us pass them both.

Mr. Chairman: I have three people on the list: yourself, Mr. McGuigan and Mr. Swart, who is first.

Mr. McGuigan: I defer to my colleague. He is directly involved in that.

Hon. Mr. Ramsay: Excuse me, Mr. Chairman, if the questions are to be relative to the Niagara Escarpment Commission, perhaps I should ask Mr. Ivor McMullin, the chairman, and Mr. Ron Vrancourt, the director, if they would come forward. Then they would be available here and save some time.

Mr. Chairman: If we are going to cross back and forth, I am agreeable to that. Perhaps then we could have the Niagara Escarpment people. I have a sneaking suspicion that is what Mr. Swart wishes to ask about.

Mr. Swart: More than a sneaking suspicion. I informed you a week ago.

Mr. Chairman: Okay, Mel, you have the floor.

Hon. Mr. Ramsay: Mr. McMullin is on my left and Mr. Vrancourt is just coming up. Mr. Vrancourt was the director of parks for the Ministry of Natural Resources until seconded to the Niagara Escarpment Commission.

Mr. Swart: Mr. Chairman, I rather anticipated we might have substantially more time and I am, therefore, going to cut down on the questions I had, because I presume there are others who want to deal with the Niagara Escarpment, and we have a maximum of 50 or 55 minutes left for it. My questions are primarily directed to the minister, although he may appreciate the fact that Mr. McMullin and Mr. Vrancourt are here. There are two areas I want to discuss with the minister. One is with regard to the appointments to the Niagara Escarpment Commission. The other is with regard to the Beaver Valley Planning Board and the proposed funding of a plan there in opposition to the proposed plan of the Niagara Escarpment.

Rather than making lengthy comments, I will do it mostly by questions. The first thing I would like to ask the minister is, who really makes the decision and the recommendations with regard to the people who are appointed to the Niagara Escarpment Commission? Perhaps before he answers that I should remind him, as I am sure he knows, of the question I raised in the House the other day and the answer given by the Premier at that time. I will not take time to read his whole answer, but in specific reply he stated, "I must tell the honourable member that when the order in council was signed, I could not tell him (a) what they were for, (b) who was in favour or opposed, or (c) who was pro development or not."

Mr. McKessock: Are you going to read my question too, while you are at it, Mel?

Mr. Swart: I am sure you can come in as supplementary and you probably will.

This question pertains to the fact that it was an order in council signed by the Premier and by the Chairman of Management Board (Mr. McCague) that extended the term of office for five of the public appointees for two years and the other four for just one year. The four who are to be relieved are primarily those who represent the public generally, who have a municipal background, and the conservation groups. This is a real concern obviously. Who makes the recommendation? How is the decision made and who is on that commission? Specifically, who made the determination on the four who were to have their terms of office terminated on August 31 of this coming year?

Hon. Mr. Ramsay: First of all, Mr. Swart, we are just talking about those who are appointed, although the others may enter into it a bit, because those appointments are all through their respective municipalities and districts.

Mr. Swart: They are recommended to the government. They are not appointed by—

Hon. Mr. Ramsay: No, they are recommended, in a sense—

Mr. Swart: There are three recommended and the ministry picks one out of those three who are recommended from any given area. But I am referring primarily—for the sake of time, we can leave those aside—to the nine people who are the public appointees, wholly selected by the government in some manner.

Hon. Mr. Ramsay: Let me answer in this manner then. As you know, there is a widespread attempt throughout government to sunset the terms of office on the boards and

commissions. The momentum for that objective has been picking up of late and the objective is that for a maximum of six years.

9:10 p.m.

The Cabinet Office recommended earlier this year that the Niagara Escarpment start to fall under that policy. Mr. McMullin and I both recommended against making any changes this year. The suggestion was it was time some changes be made in keeping with the overall policy and that we should begin in this calendar year. Mr. McMullin felt very strongly that should not be the case because he felt he had some excellent people on the commission and he felt the continuity was necessary, particularly with the reports due to come along and so on.

I supported him in that respect. As a result, a compromise was reached and it was decided we would not replace anybody this year, that next year we would replace four people and the following year, four more. That was the way it was done.

There is one key point to remember. Put four people on for one year and four people for two years does not mean a final decision has been reached as to who will be replaced, but we had to put four people for one year and we had to put four people for two years. Those people with one year could conceivably be reappointed next year. We are going to fight that battle when the time comes.

Mr. Swart: You have not answered my question. Perhaps I did not ask it properly. I am aware of what you have said and the reasons given, although in the letter there is a clear indication to them that they will not be reappointed, that they will be terminated at the end of the year. Who decided which four? Who were the key people? Are you the one deciding which four would go? Did you make that decision? Who makes that decision?

Hon. Mr. Ramsay: I am not trying to sidestep your question. I am the person who had to sign the recommendation that went to the Cabinet Office, so I suppose I have to accept the responsibility.

Mr. Swart: Why were these particular four chosen? I am sure some serious consideration must have been given to it. Why a man like Mr. Bateman? Three of these four people are quite active conservationists. The other was a person who fought rather diligently against the aggregate extraction on the escarpment and is known for that, Ms. MacArthur. I do not think I need to

mention the four names. You know them. There is Ray Lowes, Mr. Bateman, Ms. MacArthur and Mrs. Brechin, who had been there only a little over a year.

Hon. Mr. Ramsay: Mrs. Brechin, for your information, comes from my area.

Mr. Swart: Sault Ste. Marie?

Hon. Mr. Ramsay: She lives north of Sault Ste. Marie six months of the year. They have a summer home north of Sault Ste. Marie.

Mr. Swart: Why were these four picked to terminate? That is the question. They were not picked out of a hat, I presume.

Hon. Mr. Ramsay: No, they were not picked out of a hat and there was absolutely no reflection on any of them. There was possibly some concern about the time a couple of them could devote to the commission because of other heavy involvement.

Mr. Swart: I understand the case of Mrs. Brechin. It is the reverse. At first, she was not able to be there because of other commitments. In recent times, she has been attending regularly.

Hon. Mr. Ramsay: That could well be a major factor to be considered next year. At the time we were reviewing the names, she was not able to get there as frequently as she would have liked. There was no reflection on her abilities whatsoever. As I said, if there is anybody I would want to keep on, it would be someone from my area. But it was felt she was having difficulty. I have heard just what you said to me, Mr. Swart, that her attendance has been perfect—I am sorry, I did not hear it has been perfect. I heard it has been quite good since then. I also heard, as late as yesterday afternoon, that she has made a major contribution to the commission.

Mr. Swart: That is my understanding too. Do you have recommendations submitted for other names and have you had any recently—I am going to be very specific—from the Aggregate Association of Ontario suggesting names from the ratepayer groups along the escarpment—

Hon. Mr. Ramsay: Absolutely not.

Mr. Swart: —or that people should have been taken off? Have you or your ministry had any?

Hon. Mr. Ramsay: Absolutely not. I am being just as candid and frank as I can possibly be. I have had names suggested to me by the Coalition on the Niagara Escarpment. I have not had names suggested to me by any other organization or individual.

Mr. Swart: You can understand how some of us, the great numbers of people, the hundreds of thousands out there who are involved in conservation organizations of one kind or another, have some difficulty in accepting it is purely coincidence that the ones who are going to be removed—to a very large extent; I am generalizing—such as the four, have been leaders in the fights for the conservation and the preservation of the Niagara Escarpment. It is difficult for them or for me to understand it is purely a coincidence.

Hon. Mr. Ramsay: I really do not wish to throw your words back at you, Mr. Swart, but I am sure if we had picked four other people there would have been similar concerns expressed.

Mr. Swart: I am sure there was but I think it is also fair to say you have the eight municipal people who are on the escarpment commission. Municipal people by nature are pro-development to a large extent. I do not think it is unfair to say that. The other five who have been on there have been municipal people, and I believe that is correct, and were left on for the two-year term. You have a fairly disproportionate share on there now. It is proposed to remove those who do not have that municipal connection and, I dare say, that pro-development connection. Not all are pro-development. I do not want to be misinterpreted. I am not suggesting that, but I am saying these being removed are the ones who were generally the four who were the most pro-preservationist on the escarpment.

Hon. Mr. Ramsay: Mr. Swart, I have to make this point as emphatically as I can. I have no idea who is pro-development and who is not. Maybe I should. I say that quickly before you remind me of the fact because I realize that, but you will have to bear in mind I have been involved with the Niagara Escarpment Commission for only a short period of time. I have met the members on only one occasion and not all of them were in attendance at that time. I am not as familiar with them as I hope to be. I could go down this list in front of me and, quite frankly, outside of two or three people, I do not know much about their backgrounds.

I did not know a thing about Mr. Bruzzese's background until I met him at Tobermory and discovered we both came from the broadcasting world. Then I realized who he was, but that was the first time I had ever met him even though we were both broadcasters.

Mr. Swart: May I move on to another aspect

of this? That is the timing of the termination of these four. You sent out a letter on September 18, 1981, notifying these people.

Hon. Mr. Ramsay: Yes, I sent that over.

Mr. Swart: You sent that out. You indicated in that letter that by that time next year, which would have been September 18 of this coming year, you expected the plan would be completed and be submitted to you. At least two letters went out. A letter went out from the Premier to Mrs. Lyn MacMillan, who is the president of Coalition on the Niagara Escarpment, dated October 14, 1981. I quote the second-last paragraph of the Premier's letter to her:

"I like to think that if a team is working well together one does not initiate a sudden change in the membership. I recognize the commission has some tough decisions to face when the hearings are over and the hearing officer's reports are submitted. I would suggest that in those circumstances it is better to have a team which possesses knowledge and experience."

9:20 p.m.

I also have before me a newspaper clipping from the Hamilton Spectator today, and you may have seen it, in which the headline is "NEC Chairman Wants Veteran Members Kept." It says: "The chairman of the Niagara Escarpment Commission says he wasn't consulted when Premier Bill Davis reduced the term of office for four NEC members. 'I put my view across that I didn't feel any changes should be made,' NEC chairman Ivor McMullin said this week. 'I really wasn't consulted to any great extent.'"

Just to go on to quote from this article: "One of the four members dropped, meanwhile, said he's puzzled and surprised by the announcement. Burlington artist Robert Bateman, a commission member since the NEC was formed in 1973, said he still hasn't been told why his appointment will be terminated in August 1982." Mr. McMullin is also quoted as saying: "To put new people in now would be a little difficult. I would like to have experienced people there," et cetera. I am only quoting from the article. I don't know whether it is accurate or not.

The point I am leading up to now is that it appears from the Premier's letter and from the letter you sent out that you expected the recommendation would have been forthcoming by the time a year's term was finished for these people. Is that correct?

Hon. Mr. Ramsay: That was the intention at the time, yes. Could I just say a word more

there? I would have to say that was probably the intention at the time. Since then we have had representations made by Mrs. MacMillan, for example, who is a strong advocate for the Niagara Escarpment and one we listen to very attentively whenever she brings matters to our attention. We have had inquiries from others, such as yourself.

Mr. Swart: I am sure you are now aware of the date when the report of the hearing officer will likely be submitted to the commission.

Hon. Mr. Ramsay: There could be a revised date there.

Mr. Swart: I am informed by Mr. Walter Gowing, who may be here—I don't want to misquote anybody—

Hon. Mr. Ramsay: I am not sure what date you are referring to.

Mr. Swart: The date when the commission will receive the hearing officer's report.

Hon. Mr. Ramsay: Yes, but what date are you thinking about?

Mr. Swart: He told me it is very unlikely they would receive it before the early fall of 1981 or likely later in the fall, some time between October and January 1. That will mean it will be received well after their terms of office have been terminated unless these people are reappointed.

Hon. Mr. Ramsay: That is correct, Mr. Swart, but at the time I wrote that letter we did not have the information.

Mr. Swart: No.

Hon. Mr. Ramsay: I was going along on the basis that we would have the report.

Mr. Swart: And it would be dealt with by the commission prior to that?

Hon. Mr. Ramsay: Yes, that is right.

Mr. Swart: The Premier has stated very strongly he would like to have experience there, and apparently the chairman of the commission has stated fairly strongly he would like to see that experience kept there. After all, these people have been down this road now for seven years. I guess what I want to ask you is, will you give a guarantee here today that those four members will be reappointed? I realize you may not have the final say in the reappointments, but would you recommend that those four members be reappointed at the end of this term?

Mr. McKessock: The commission may be disbanded before then.

Mr. Swart: That is an eventuality, but if the commission is still there would you give that guarantee, or that any replacement would be satisfactory to the Coalition on the Niagara Escarpment?

Hon. Mr. Ramsay: I cannot give you a guarantee. I can give you an assurance that I will be happy to take the points you and Mr. McMullin have raised under advisement. As I said earlier, I welcome the contributions of CONE. The circumstances have changed since the original letter was sent out, and there have been other circumstances as well that would lead us to believe that we have to take a good hard look at that policy.

Bear in mind that those changes would have been made this year had it not been for Mr. McMullin and myself who fought against those changes. Then we wound up having to come in with a compromise position. The circumstances next year could be completely different and we will be dealing from strength.

Mr. Swart: Mr. Minister, I am not objecting to a sunset provision; I think you will admit that. My concern is that it is these four particular members who have been given the short term. Unless they are replaced by other people of equal convictions with regard to preservation and conservation, that element on the commission is going to be weakened. I do not think we can afford to have it weakened.

Hon. Mr. Ramsay: I agree. We do not want to do that under any circumstances.

Mr. Swart: Secondly, I have a concern that these people who have spent all this time—and that includes the other commission members as well—should not be terminated unless they ask to be, for health reasons or something of that nature. They should not be involuntarily terminated until they have made their recommendations on the plan. They have been through it now.

Hon. Mr. Ramsay: I agree with that too.

Mr. McKessock: They have had too long. It is going on for seven years now. Let's get this thing through.

Mr. Swart: So you agree in principle then with the comments I have made and will use your efforts to try to implement those two viewpoints. Is that correct?

Hon. Mr. Ramsay: I will assess the situation, study it carefully and look into all aspects of it when the appropriate time comes. I assure you of that.

Mr. Swart: There are only two minutes left. Because time is running out, perhaps I could refer the minister to correspondence I had—and I hope the minister will read it and the reply back from me—with Mr. Bennett on actions by his ministry to fund a study in the Beaver Valley area in opposition to the Niagara regional plan. According to him, you were aware of this when it was turned down by the Ministry of Housing late last spring. Then this fall the Ministry of Municipal Affairs and Housing reconsidered it. There was a letter sent out in October that they would likely fund this study for 70 per cent. This is primarily to be used to oppose—

Mr. McKessock: That is your opinion.

Mr. Swart: That is the opinion of the Niagara Escarpment Commission. I have the documents here. That is why I am asking Mr. Ramsay if he will read Hansard of November 25, 1981. That was in the standing committee on general government. You will note that I questioned the Minister of Municipal Affairs and Housing at some length there. I might say he was almost disrespectful to your ministry in his reply. You will see that when you read Hansard. He also admitted he had not consulted you after his ministry changed its opinion about funding this.

Last year in the estimates of the Provincial Secretariat for Resources Development I raised the same thing about lack of co-ordination, with one ministry fighting against the other. I have Hansard here where the then minister, Mr. Brunelle, said he had written a letter to the Minister of Housing at that time asking him to co-operate and keep him fully informed. It looks as though that has not been done. He has not informed you about this, and I would ask you to intervene. Although he said the final funding commitment had not been given—I have the letter here saying that it will likely be funded at 70 per cent—I would ask you to intervene and see that government funding does not go to a planning body which is using it to oppose the Niagara Escarpment plan.

9:30 p.m.

Hon. Mr. Ramsay: Mr. Swart, with the greatest of respect, I will be happy to look into the matter and I assure you I will do that promptly. I cannot give you an assurance that I will or will not intervene, because I am not knowledgeable about the situation. It would be very irresponsible for me to give you any assurances tonight other than that I will be happy to look into it.

Mr. Swart: I will leave that with you. I have used up my share of the time.

Mr. McKessock: Mr. Minister, I want to congratulate you on your appointment as Provincial Secretary for Resources Development, these being your first estimates. I wish you success as well.

Hon. Mr. Ramsay: Thank you.

Mr. McKessock: I was a little sorry that you did not follow through with something you said shortly after being appointed. You said you were going to get together all the MPPs whose ridings fell within the Niagara Escarpment area. I patiently kept waiting for that meeting, but it never happened. I think perhaps someone got to you and told you I might tell you exactly how it was, living on the Niagara Escarpment. Maybe they warned you off from that meeting.

Hon. Mr. Ramsay: Not from you, sir. They did not ward me off from you.

Mr. McKessock: I notice when I look at the estimates here that over half the money spent on the Niagara Escarpment Commission is for wages. I want to start there because this is a question that has been asked of me. What is the per diem rate paid to the commission members?

Hon. Mr. Ramsay: Mr. McMullin, could you answer that question?

Mr. McMullin: The per diem rate for meetings is \$100 per meeting.

Mr. McKessock: Plus expenses?

Mr. McMullin: Plus expenses. The expenses include mileage to and from home and usually two meals, lunch and dinner, providing they are driving back, as they usually stop and have dinner on the way home.

Mr. McKessock: Could you give me the names of the four new commission members who have been appointed? Are they to start on January 1, 1982?

Mr. McMullin: There has been no change made in the commission members.

Mr. McKessock: Who are the four new members that Mr. Swart was just talking about?

Mr. McMullin: There are not four new members. The commissioners were all reappointed, some for two years and some for one. So there are no new members. It is the same commission we have had for some time, except in your area Mr. McNichol was appointed in the place of Bob Mackey. Over the years we have had changes in the elected members because of municipal elections. There have been several changes, but there are no new members on the commission.

Mr. McKessock: What did we spend the last half hour on then?

Hon. Mr. Ramsay: Perhaps I could speak to that. I obviously did not make myself clear when I was answering Mr. Swart and I apologize for that.

This year it was suggested by the Cabinet Office that the Niagara Escarpment Commission should observe the policies of this government in sunsetting terms on boards and commissions, which are six years maximum. They wanted to change four members of the board this year and four members next year. I am talking about the term that started in 1981. Mr. McMullin felt strongly that he needed the continuity and the experience he had on the board and he did not want to lose four members. I supported him and, as a result, we convinced the Cabinet Office not to make any changes this year. Next year, of the eight reappointments, four of them would be for one year and four for two years, so there would be four people whose terms would end next year.

Mr. McKessock: At the end of 1982?

Hon. Mr. Ramsay: August 31, 1982. They would be replaced then. Nobody has been replaced to date. There is just the intention of replacing four at the end of August 1982.

Mr. McKessock: Could you read into the record the names of those commission members?

Hon. Mr. Ramsay: Yes. Do you want all of them, including municipal?

Mr. McKessock: Yes.

Hon. Mr. Ramsay: All right. Representing counties and regions: Niagara is William Griffiths, Hamilton-Wentworth is Robert McNairn, Halton is Roy Booth, Peel is William Hunter, Dufferin is Paul Gallagher, Simcoe is Carol Schnurr, Grey is David McNichol, and Bruce is Milton Hayes. Representing the public at large are Ivor McMullin, the chairman, from Caledon; Robert Bateman from Burlington; Maryon Brechin from Etobicoke and Sault Ste. Marie; Leo Bruzzese from Pelham; Gary Harron from Allenford; Robert Keast from Thornbury; Bernice Limpert from Wiarton; Ray Lowes from Hamilton; and Anne MacArthur from Milton.

Mr. McKessock: Thank you, Mr. Minister.

Mr. Swart: Could you read in the four who only have a one-year term?

Hon. Mr. Ramsay: Mr. Swart, I say this sincerely: I am not sure which four they are.

Mr. Swart: I can read them in if it's okay. Robert Bateman of Rockwood, Maryon Brechin

of Etobicoke, Raymond Lowes of Hamilton and Anne MacArthur of Milton are the ones who have been appointed just for one-year terms.

Mr. McKessock: Okay. Thank you. Mr. Minister, I have spent the last seven years or so opposing the Niagara Escarpment Act legislation one way or another.

Mr. J. M. Johnson: What did Stuart Smith say?

Mr. McKessock: He doesn't live on it either. I live right on the Niagara Escarpment, and Stuart Smith and the rest of the caucus supported me when I brought a bill before the House to amend the Niagara Escarpment Act. I must admit there have been some concessions made over the years. At the time I brought in the bill, the area under Niagara Escarpment control was cut by two thirds. That was a help.

I just want to turn to the remarks you made on the Niagara Escarpment. Somebody supporting the Niagara Escarpment plan always likes to point out how many applications there were, such as 5,500 here and 90 per cent approved. This is quite understandable, because you have to apply for a development permit to get anything, whether it is extending your living room, as we did this year, or building a backhouse east of the barn or whatever. You have to apply for a development permit for everything; so it is understandable that a big percentage will be passed. Of course, it is the 10 per cent we are concerned about.

At the time the Niagara Escarpment Act was passed in the House in 1973, eight years ago, planning was not very far advanced in many areas of Ontario, but over the past eight years planning has moved ahead by leaps and bounds, and most counties are now well-planned and controlled under their planning acts and zoning bylaws. Grey county, for example, I believe eight years ago didn't have any planners and today it has eight or nine full-time planners or more. We in the Niagara Escarpment area, in the rural areas, were not the culprits who were doing anything to deface the Niagara Escarpment. It was in areas closer to the large cities that too much development was taking place.

I hope that the hearing officers will reject this Niagara Escarpment plan after the hearings are completed, and that this will be the end of it and planning will be turned back to the local municipalities. But just in case it isn't rejected, there is one thing that will have to happen; that is, when you make an application for a development permit now and you are turned down,

you are left to pay taxes on that land and you can't do anything with it. So, in fact, it's public land, more or less. You can put signs up to keep people off it, but they can stand on the side of the road and admire it, I suppose, and get a certain amount of use out of it. But you are stuck there to pay the taxes on it, and you can't put a house on it in some cases.

9:40 p.m.

I feel, whatever happens in this new plan, if it does come about, if you are turned down for a development permit, that property must be purchased by the government. I just don't think it's fair. If anybody wants to hold a piece of property and do nothing with it, then it should be the government that does it. It shouldn't be the individual who is stuck there to pay those taxes on it. What would your thoughts be on that?

Hon. Mr. Ramsay: Quite frankly, Mr. McKessock, I haven't got any of these thoughts, because this is the first time I have heard any negative remarks in respect to the work of the Niagara Escarpment Commission. I am listening with great interest to what you have to say tonight, because this is something new for me in my short period of time.

Mr. McKessock: I would sure hate to go through all the things Ivor McMullin has heard me go through over the last few years. If you had been here last year at the Resources Development estimates, we went through a large number of specific cases that really spell out the problems we have when we lie within the control area.

Hon. Mr. Ramsay: What I would commit myself to doing is getting the Hansards for—how many years have you appeared here in this respect?

Mr. McKessock: Probably five.

Hon. Mr. Ramsay: All right. I will make a commitment to you. I won't promise I will read them over Christmas, but I will make a commitment to you that I will read the Hansards for the past five years and note the comments you made, because this is enlightening to me. I am pleased to have the opportunity to hear your opinion, and I respect your opinion.

Mr. McKessock: I appreciate that, which is why I said I was a little disappointed when we didn't have that meeting to discuss the Niagara Escarpment. Like every other story, there are two sides to it and, as I said before too, I don't believe it is our area, or the rural areas, that

caused this act to come about in the first place. Certainly in the areas close to the city, there was a lot of development going on, and it was understandable that something had to be done. Why their own planning didn't take care of it is something else, but in our areas we have a lot of rough land—it is scenic country—and people like to move out to the country and build. A few years ago, we had vacant farm houses, vacant lots and what have you. Now those houses are all full and there are more people in the country than there have been for quite a number of years. If they want to move out there and enjoy the countryside, why not?

I believe one property in Kimberley that has just been purchased by Niagara Escarpment—this is similar to cases I have been mentioning—was turned down for a building permit. It is the Thomsen property, which sat there for a good long time, and nobody was able to do anything with the property or get any returns from it. I think also, if this is going to be part of the new plan, that the government purchases properties that are turned down for development, it will have to have a time limit on it and be done within a certain number of months so the land owner knows where he stands.

When do you expect the hearing officers' report to come to you?

Hon. Mr. Ramsay: The spring of 1983, I believe. It will take approximately five months after the receipt of the hearing officers' report for the commission to make its recommendations to me. Therefore, I am expecting the recommendations of the commission in April or May of 1983.

Mr. McKessock: Are you saying then the hearings are not going to be completed until—

Hon. Mr. Ramsay: It is anticipated the public hearings may be completed by April 1982. The hearing officers have indicated they will require six months to write their report and submit it to the Niagara Escarpment Commission and myself. I expect to receive the hearing officers' report in November or December of 1982.

Mr. McKessock: If the plan is rejected by the hearing officers, will that be the end of it, as far as you are concerned?

Hon. Mr. Ramsay: I don't think I am qualified to answer that at this time, Mr. McKessock.

Mr. McKessock: You do have the authority to reject it if they don't. Isn't that the way the act reads?

Hon. Mr. Ramsay: I understand that to be the case.

Mr. McKessock: If it is rejected, the planning would revert back to the official plans and zoning bylaws under the Planning Act. If a plan comes through, do you feel it will also revert to local government to administer under the Planning Act?

Hon. Mr. Ramsay: I am sorry. I didn't quite catch the point you are trying to make.

Mr. McMullin: Mr. Minister, if I may, what the plan now says is that implementation of the plan will be turned back to the municipal council.

Hon. Mr. Ramsay: Yes, that is my understanding.

Mr. McKessock: Will that mean the commission will be disbanded at that time?

Mr. McMullin: Not necessarily, sir. The commission will be recommending to you, Mr. Minister, and cabinet, I presume, a method of implementation. One of the methods already recommended in the plan is that the day-to-day implementation of development would revert to the municipalities under conditions. What we are proposing is all written in the plan, except for the final implementation. I would like to mention that we are working on a paper to recommend to you, sir, what implementation conditions we think should be in it.

Mr. McKessock: I will leave it at that, Mr. Minister, and let you read the Hansards of the Resources Development estimates for the past five years.

Can I move on to agriculture for a few minutes? I want to ask how much time your ministry has spent looking at the future of agriculture in Ontario?

Hon. Mr. Ramsay: At the moment, we are actively studying the Biggs report. We have been involved in several other studies in the past while. A great deal of the time of the secretariat is taken up with agricultural matters. I referred earlier tonight—I am not sure if you were here—to the work that has been done by the secretariat in chairing the land-use committee and the problems of soil erosion and so on in response to the matters raised by Mr. McGuigan. I am not sure of the point you are trying to make.

Mr. McKessock: I am thinking of the statements made by the Deputy Minister of Agriculture and Food when he said Ontario did not have an agricultural policy and has not had one for a number of years. Since agriculture seems

to fall under your policy field, I would think that if there has not been a policy for a number of years, somebody should be looking at it.

Hon. Mr. Ramsay: I do not have it here, but the tentative agenda for our next meeting covers many of the points you raised on future initiatives and policies of the Ministry of Agriculture and Food. This is forthcoming in our first meeting in January.

Mr. McKessock: I am certainly pleased to hear that, because I notice—

9:50 p.m.

Hon. Mr. Ramsay: Excuse me. I want to clarify that; I do not want to leave the wrong impression.

These matters are going to be brought before us for study by the Ministry of Agriculture and Food. We are not meeting to develop policy; we are going to study some proposals that are coming to us from the Ministry of Agriculture and Food. That is the schedule for the first meeting in January.

Mr. Swart: Are you suggesting that prime agricultural land should be preserved?

Hon. Mr. Ramsay: Definitely. That is one of the things.

Mr. Swart: I could not agree more; like the Niagara Escarpment. It could not be more important.

Mr. McKessock: Let us preserve the farm land through our food lands policy, rather than through the Niagara Escarpment plan.

Mr. Swart: This is planning; shall we stick to planning?

Mr. McGuigan: May I have a supplementary? I raised this subject with the Minister of Agriculture and Food also. I touched on many of those things in my talk the other day. They go beyond the economics of it; it is the sort of system of agriculture we are going to have.

Are we going to continue to worship the big system and people specializing in certain areas, which was fine back in 1969 when they issued the report *The Challenge of Abundance*? All the recommendations were based on the continuance of cheap oil but, when the expensive oil came along, the plans were not reviewed and people were not warned about what was going to come.

That is why we find these people in here today. They must accept some responsibility themselves too for not having seen that. A great many of their plans were based on that 1969 report. The report was fine in 1969. It was not

followed up and adjustments were not made when the great changes came about in 1972 when we had the Arab-Israeli war.

I think we have a crying need for a multidisciplinary review of Ontario's agriculture and where we are going from here.

Mr. Swart: May I ask a supplementary to follow up on what Mr. McKessock said? In view of the report—and I have forgotten the exact name of it—put out by the Ministry of Energy about the necessity to preserve our best food land, do you or your ministry have any plans under way for new or stronger policies with regard to the preservation of our very best farm land by restrictive planning or whatever procedure we can have to assure it is not paved over or urbanized?

Hon. Mr. Ramsay: There is no study of that nature going on at present.

Mr. McKessock: That should be part of the overall policy. We have disappearing farm land now, going under construction, concrete, what have you. It is bought by foreign buyers. It is being bought by city dwellers and others. I feel we should have some policy in place so we can hold this food land for future food production. We do not need it now; we have lots of food. But the day will come when we will need that land and it may be covered with concrete.

It is a matter of time, really. Our population is getting larger and our land base is getting smaller. It is only a matter of time until we need that land. We have lots of rough land where we could build our houses and factories. We do not have to use this prime land. We could stop using it now. In fact, it might disperse our industrial sector a bit so that other parts of Ontario would get some of it rather than have it all going to the larger cities. We could also keep our kids working at home instead of them going to the big cities to work.

Preserving the farm land has a multi-benefit to it. Right now, to help hold it—someone will come and say, "Why should we leave it sit there? We do not need it." If we were growing energy crops on it right now to produce fuel alcohol—I would have much rather seen the \$650 million that went into Suncor going into natural, renewable resource energy forms like producing energy crops on this farm land and getting our energy that way. It is renewable; it will never run out. We keep producing it.

The other thing is, when the time comes—

Mr. J. M. Johnson: May I ask a supplementary, just on that question?

Mr. McKessock: I just want to finish.

When the time comes that we need that land for food, it will be there, because food is our main energy source. We have to have it first, which was pointed out in the House today by our agricultural critic, Jack Riddell, who says you cannot very well pour a quart of oil on your cornflakes in the morning. Food is your main energy source.

If we were producing energy crops on that land now, it would be kept in agriculture and it would be kept for that energy source, which is secondary to food, and when you need food down the road, maybe 50 years from now, the land would still be there and you could turn it over to producing food.

Mr. Swart: Where were all the Liberals when we were fighting the battle to preserve the Niagara food lands?

Mr. J. M. Johnson: Perhaps I can ask a supplementary if Mr. Swart can talk constantly.

Interjections.

Mr. Chairman: Can we have a little order here?

Mr. McKessock: We want a policy to save all food land; that is what we want.

Mr. J. M. Johnson: Mr. Chairman, I would like to suggest to the minister that he should be very concerned about this policy regarding the use of food lands for energy. It is easy enough to say if you pave it over we cannot use it, but I maintain the same thing applies if you start using food land for energy purposes. You cannot simply grow crops and use them for energy. What you have to build in is a system of stills, transportation, the whole bit.

Mr. McKessock: That \$650 million would have gone a long way.

Mr. J. M. Johnson: I am not talking about that, Bob. What I am concerned about is that when you build in a system you are locked into it, and you cannot get out of something you are locked into. I think it is immoral that our society should think of using food land for energy. Surely there is a better way to—

Mr. McKessock: You had better go home and sleep on that.

Mr. J. M. Johnson: I have been sleeping a long time.

I disagree with you and your leader, Mr. McKessock, and his policy advocating the use of food land for energy purposes.

Mr. McGuigan: Our leader does not advocate that.

Mr. J. M. Johnson: Let me finish, please. Mr. Minister, we have alternative forms of energy such as hydrogen; we have the power and we have the water. We should be going into the hydrogen field. We are looking at it; we are doing something; I think we should advance that.

I think it is a mistake for us even to consider getting involved in this policy advocated by Dr. Stuart Smith and Mr. McKessock. It is completely—

Mr. McKessock: You are still in pretty good shape—

Mr. J. M. Johnson: We are in good shape—

Mr. McKessock: I mean physically, not mentally.

Mr. Havrot: Mentally too.

Mr. J. M. Johnson: You just do not grow crops and turn them into energy. You have to build stills. You have to have transportation set up and, once you get locked into a position like that, you have to stay with it.

I am opposed to it. I want you to understand that there are problems related to it; there are long-term problems which I do not think Ontario has to get into. I think we can avoid them. There are other methods, as I have mentioned: hydrogen and certainly other alternative fuels.

Mr. McGuigan: Mr. Chairman, on a point of privilege: For the record, I think you will find that our party policy is to make alcohol out of waste products—forest wastes and agricultural wastes—but not to compete for the space with food. On a personal basis, I am with my friend Jack here on that score, and our party is on record as being in favour of that.

Mr. McKessock: I am sorry my friend misunderstood me. I was not talking about energy competing with food. If you remember what I said, it was that we would produce energy crops on it until we needed it for food, so we could reserve it.

Anyway, I want to make one last point here. I noticed the film the other night talked about long-term planning—spending dollars where the people live—and it talked about the family farm being the cornerstone. I think some of those cornerstones need a little bit of remounting or rebuilding at this time, and I hope the announcement that is going to be made tomorrow will be of some value to these family farmers.

10 p.m.

I hope it is going to be something that will give them something to get them back on track and not just short-term issues but long-term financing that will allow them to refinance their present debts at a reduced interest rate of somewhere around 12 per cent over 25 or 30 years. We have to have a rebate of interest rates on this past year, plus this long-term financing to get them started.

There have been some rumours going around that maybe those who have lost all their equity will not be helped. I want to make the point here that equity should not be the base that any assistance is granted on or thought about because equity—

Interjection.

Mr. McKessock: Just a minute, I want to make this point.

Mr. Chairman: We discussed the issue here for 35 or 40 minutes on Tuesday night and we have set aside time tonight; so perhaps we could finish with these estimates and then be on—

Interjections.

Mr. McKessock: I wanted to make the point that I hope the assistance is not based on equity, because some of these people have lost all their equity.

Mr. Eaton: You get more ridiculous every day, Bob.

Mr. McKessock: I think Mr. Eaton would like to hear this; he is a farmer.

Some of these farmers have lost all their equity and if we come in with a program that is not going to help someone who has lost his equity, then we may be in a difficult position.

The guy who has lost all his equity may have too much debt to survive. That is a possibility. But I am saying equity should not be the guideline, because what good is equity unless they are going to eat some more of it? What of the guy who has a \$500,000 debt and \$500,000 equity, and the guy who has a \$500,000 debt and no equity? What is the difference? They both have a \$500,000 debt, and that is going to be the problem; it is not the equity.

I hope these things are looked at in terms of their debt, not their debt-to-equity ratio, because some of the farmers out there are good farmers and they have lost all their equity in the past couple of years. They just have not been making money.

It reminds me of when I started farming a number of years ago through the Ontario junior farmers' loan; I was turned down twice before I got it. I remember talking to those fellows who

come around and saying: "Give me a chance and you will never get my farm. I will work and make those payments."

This is the what I hear from those people out there today: "Give us a chance. If you can do something for us, we"—and the farm wives are there behind them, which you need on the farm. They are really ready to say: "Give us another chance and we will make sure we make those payments. We are going to make agriculture survive on our farms, and we are going to make it survive in Ontario."

Mr. Chairman: I do not know whether there are any questions there, Mr. Minister. Do you have any?

Shall the vote carry?

Mr. Stokes: Just a minute. We have until 10:30.

Mr. Havrot: No, we have not. We are all through.

Mr. Stokes: No.

Mr. Havrot: Oh, yes. We had two hours to make—

Mr. Stokes: Where do you get your information?

Mr. Havrot: Just check the record.

Mr. Stokes: If we dispose of the vote, we still have until 10:30 to talk about important matters—

Mr. Havrot: No. We have gone five—

Mr. Chairman: Mr. Havrot, if you want to talk, can I hear Mr. Stokes and then you can talk to the chair?

Are you suggesting that we not call the vote now?

Mr. Stokes: It is my understanding that these estimates will terminate at 10:30. Is that right?

Mr. Chairman: No. I think they actually terminated at 10 p.m.

Mr. Stokes: We have expended all of the time?

Mr. Eakins: If you are like Mr. Pope, you will not go one minute over.

Mr. Havrot: That is what I am trying to tell you.

Mr. Eakins: In fact, he put on his coat and walked out of the room. He would not go until 10:30 p.m.

Interjections.

Mr. Chairman: We will pass the vote at 10:30.

Mr. J. M. Johnson: I think we agreed to vote at 10 p.m. on another matter, unless you prefer not to vote on it.

Mr. McGuigan: Mr. Chairman, can we proceed and vote on it at 10:30?

Mr. Chairman: No. I think the time does expire at 10 o'clock. That is my understanding. I did talk with both critics on that, and I think the seven hours is up at 10. We have had seven and a half hours of sitting this week.

Interjections.

Vote 1801 agreed to.

Mr. Chairman: This completes consideration of the estimates of the Provincial Secretary for Resources Development. Mr. Ramsay, on behalf of the committee I would like to thank you for appearing before us today and to thank the critics.

Hon. Mr. Ramsay: I would like to echo those sentiments. I appreciated the opportunity. I appreciated the calibre of the questions and the calibre of the comments, suggestions and opinions that were expressed. It was very beneficial to me.

The committee moved to other business at 10:10 p.m.

The committee adjourned at 10:21 p.m.

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 Swart, M. L. (Welland-Thorold NDP)

From the Provincial Secretariat for Resources Development:

Thatcher, J. C., Deputy Provincial Secretary for Resources Development

From the Niagara Escarpment Commission:

McMullin, I., Chairman

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